

INSIDE: COMPUTER SECRETS IN THE WHITE HOUSE

Maclean's

MARCH 2, 1987

CANADA'S WEEKLY NEWSMAGAZINE

\$1.75



ROCK GOES GOLD

**THE SPECTACULAR
REVIVAL OF
ROCK 'N' ROLL**

**Comeback star
Tina Turner**





Maclean's

MARCH 2, 1987 VOL. 100 NO. 9

COVER

Rock goes gold

As rock music rolls into middle age, it is experiencing a revival that spans the generations. And the resurgent interest in rock's roots is spilling into books, films, commercials and new releases of reworked classics. That revival is the latest indication of rock's legitimacy: born as the music of rebellion, it has created an entire culture. —Page 20

COVER PHOTO BY GUY A. AROCH/ST. LOUIS, I.



Waiting for tax reform

Finance Minister Michael Wilson presented his third budget—along with indications of what his tax reform proposals, expected this spring, will include. —Page 8



Life and a movie mannequin

In her first major movie role, Canadian actress Kim Cattrall plays a mannequin that comes to life at night—but only for her creator, a young stockroom clerk. —Page 45



The White House secrets

President Reagan's arms-for-iran troubles deepened as an inquiry prepared to publish a report based on damning White House memos captured in a computer. —Page 14



The spring of discontent

Baseball's spring-training camps open this week in Arizona and Florida, but several free agents, including Montreal Expos' Tim Lincecum, are still out in the cold. —Page 10

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Canada's homeless

Your cover story "The search for a future" (Feb 16) brought home the social problem of meeting the needs of the homeless. As much as the article reassured the reader of the industry brought upon so many of today's adults, the starkness of the photographs served as an excellent visual reinforcement of the desolate problem. It was also important for Marlow's to provide an insight into the causes of this plight. However, the real problem remains as to what we as Canadians are going to do to alleviate this condition. Let us hear some specific strategies from the government and social service agencies.

JACQUE BAILEY
Burlington, Ont.

What a work of art your Feb. 16 cover was. The young Canadian beauty it portrayed is a sign of the times—a daughter in distress. While the wealthy and the powerful gloat over the piling up of more wealth than they need, why can't they, in co-operation with our government, guarantee the security and the future of those in whose hands they will have to place the future of our country? I hope somebody will hold out a helping hand to this young woman—and the countless others like her.

—DONALD J. MULLIN
North Vancouver, B.C.

Pros and cons of frilly fashions

The editors at *Marlow's* have put their credibility on the line. I question the judgment of those who considered "Frilly—and very feminine" (Fashion, Feb. 9) a newsworthy item. The story



Canada's homeless: a helping hand?

was irrelevant in a newsmagazine and showed total disregard for its intelligent, thinking readership. Your responsibilities do not and should not include publishing stories with pictures offending women and subject matter shaming men.

—JESSICA STAFFE
Toronto

Finally the style cops have rediscovered what makes men and women different. The re-emergence of frills and silk signals a new beginning. I love it.

—MICHAELSON JOE
Toronto

Questioning priorities

What an appalling commentary on our relative sense of values when the death of one of the creative geniuses of film is buried away in a minor column ("A quarter of a century," February, Feb. 9), while some backlogged film star of the American screen is given cover-story coverage. Norman Maclean's artistic originality, brilliance and humanity have touched the hearts and souls of millions throughout the world, and his influence among artists in several fields is immeasurable. Here we really become so hypnotized by glitzy American culture that we can no longer recognize our real cultural heroes?

—MICHAEL R. ANSLEY
Weyburn

It is entirely typical of your magazine that you would choose to devote a page to the death of Liberace, complete with garish photos ("King of keyboard fashion," February, Feb. 9), and a short paragraph in *Passages* to remember Supreme Court of Canada Justice Julien Chouard.

—GRAEME CLARK
Ottawa

Letters are edited and may be condensed. Writers should supply name, address and telephone number. Mail correspondence to: Letters to the Editor, *Marlow's*, 3000 Bayview Ave., Suite 100, Willowdale, Ont. M2H 3P4.

PASSAGES

BIRD: Former Manitoba vice cabinet minister Russell Doern, 51, who three years ago successfully battled the move to enshrine French-language rights in his province, in an incident that police say appears to be a self-inflicted gunshot wound, near Stornoway, Man. Observers said that Doern had recently suffered career and personal setbacks. In 1979, under then-premier Edward Schreyer, Doern served as minister without portfolio and in 1972 was appointed minister of public works. But he was passed over for a cabinet post when Premier Howard Pawley first took office in 1981, and in 1983 Doern broke with his party to oppose efforts to extend French-language services. Last year Doern filed in his attempts to be elected an independent member of the legislature and raged at Winnipeg.

BIRD: Quebec Superior Court Judge Philip Gauthier, 67, of a heart attack, while monitoring in Lakeshore, P.Q. The son of a Jewish immigrant, Gauthier was born and raised in Montreal and began his working life as a plumber's apprentice. In the 1940s he became a trade-union activist and was a vice-president of the Quebec Federation of Labour. Gauthier later studied law and spent much of his career as a labor lawyer. He was appointed to Quebec's high court in 1985.

BIRD: TV producer Drew Crossman, 66, who masterminded such classic CBC shows as *The Mayor of Shady Side* and *The Great Canadian Hot Period* after a long battle with emphysema, in Toronto. Although he had been the last years of his life, Crossman acted as consultant to the CBC, his last job in that capacity was with 1980-1986's *Real Time* series, a flashback series hosted by Alex Bartsch.

BIRD: Anna Tiedel, 67, programming director of Toronto's Harbourfront, who helped transform an ugly stretch of docks into a world-renowned cultural and entertainment centre and was recently honored as a member of the Order of Canada in recognition of her contribution, after a year-long battle with cancer, in Toronto.

BIRD: Songwriter George Thibault, 78, who was best-known for composing cartoon character Woody Woodpecker's rickety theme song of cancer, in Palm Springs, Calif.

ANNOUNCEMENT: By New York State Gov. Mario Cuomo, 54, that he will not seek the Democratic party's 1988 presidential nomination, during a New York City rally on radio show. Cuomo said that he made his decision because it was best for his family, state and party.

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Taming the guerrillas

Earlier in the century its political and economic stability earned it a reputation as the Switzerland of Latin America. But by the late 1960s widespread unrest and the activities of the National Liberation Movement guerrillas—better known as the Tupamaros—had succeeded in tearing

Uruguay apart. A military coup in 1973 was followed by 18 years of repressive army rule that resulted in the imprisonment and torture of thousands of Uruguayans. Now, two years after military leaders handed over power to the civilian government of President Julio María Sanguinetti, the

country is trying to heal its wounds. Political prisoners—including the Tupamaros—have been released. And last December the government passed so severely for army officers implicated in human-rights violations. "We must now absorb the army into civil life," said Sergeant Alfredo Martínez Domínguez. "It was a punishment deal for the sake of the future."

But many Uruguayans are still struggling to come to terms with the country's violent past. Although the Tupamaros numbered only 500 Marxist guerrillas, they were responsible for a widespread campaign of urban violence. Among their most notorious acts was the 1979 kidnapping and murder of Daniel Bricmont, a U.S. Agency for International Development worker. But the army's response was equally harsh. By the end of 1975 it had crushed the guerrillas—and extended its campaign to all left-wing parties. By 1980 about two per cent of Uruguay's 2.8 million people had become political prisoners, and more than 300 people either died or disappeared.

Many Uruguayans are clearly angered by the amnesty. According to an opinion poll in Montevideo, the capital, 71 per cent of respondents wanted military members brought to trial. "There has been treason against popular sentiment," said Father Luis Pérez Aguirre, president of a major human rights organization. Others charge that the government is afraid of upsetting the still-powerful military. Said Hugo Battista, a leading member of the Frente Amplio—or broad front—leftist coalition: "The armed forces are a pressure group—and the political system has capitulated."

Now Uruguay may yet be heading toward a dramatic military-civilian confrontation. In January the widow of two former senators who disappeared during military rule announced that they were beginning a petition campaign to have the senators overthrown. Under the constitution, a plebiscite on any legislation can be held if a quarter of the electorate calls for it. The campaign is supported by the Frente Amplio, which represents an estimated 18 per cent of the vote. For their part, many former guerrillas have formed a legitimate, nonviolent Tupamaro political organization that now has about 1,000 members. They are also leading active support to the petition campaign. "We totally reject the amnesty," said Jesus Arpino-Santana, 35, who spent 15 years in jail for guerrilla activities. "It is a question of looking the mechanisms of repression—of looking what happened and what the military did."

—BETTYN LEESE in Montevideo

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DATeline: NORTH LAWNDale

Salvation in the ghetto

The images of poverty are searing. Along the deserted thoroughfare of Chicago's inner-city neighborhood of North Lawndale, twisted wrecks of cars lie rusting. A youth gang guards its territory while a drug dealer exchanges a plastic pocket of crack—a highly addictive form of cocaine—for a roll of bills in the alcove of a abandoned storefront. Across the street, men in solid clothes either

read-scripting gospel music and ritual, have always posed a special problem at the heart of the black community. As the economy soared and gang activity, drug and violent crime grew like a cancer in North Lawndale and other U.S. urban ghettos during the 1970s, the number of Baptist churches sitting

For some, storefront churches provide relief from personal tragedy and a buffer against the violence of ghetto life

up in storefronts increased dramatically—more so than anywhere else. Churches lost their financial base and declined. Now, there are more than 70 storefront churches serving the 60,000 residents of the 4½-square-mile neighborhood on Chicago's west side. Converted from abandoned shops by preachers who sometimes have to make up the

month's rent out of their own pockets, some of the churches have congregations of as many as 30 people. But for some residents, such as Spellman, 27, a product captain for the Democratic party, storefront religion has provided relief from tragedy—and a buffer against the violence of ghetto life.

Lake women growing up in North Lawndale, Spellman learned the harsh rules of survival at an early age. She witnessed her first murder at nine—a gang member killed in the hallway of her apartment house—then picked up cars that fell from the dead man's pockets as he was dragged down a flight of stairs. As a child she attended church, but she stopped during her teen years, when she joined a local gang and regularly took part in its street battles. But in 1978 her mother suffered a stroke while attempting to break up a fight and died three days later. Shortly after, Spellman's nephew was shot to death, and she left the gang and joined a storefront church. "I could not stand to see anyone get hurt anymore," said Spellman, who is employed as a clerical worker in the Illinois state attorney's office. "You need something stronger than yourself to believe in."

In the disintegrating world of North Lawndale, people find solace where they can. Once a thriving Jewish community, the neighborhood is now 97-per-cent

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black. Blacks who could afford to leave did so during the 1970s, and those who stayed have been sinking increasingly into grinding poverty—a phenomenon repeated throughout northern U.S. cities. There is only one bank and one supermarket. Besides the churches, 30 currency exchanges that offer quick cheque-cashing services, 48 lottery agents and 90 licensed bars and liquor stores occupy most of what remains of North Lonsdale's retail space. While the churches promise salvation, the liquor stores offer the chance to dream—and the chance to forget the troubling reality. The neighborhood's unemployment rate is estimated to be as high as 50 per cent, compared with the national average of 6.7. More than half of its residents are on some form of public aid. About 50 people were murdered there last year—and the ghetto's annual murder rate is close to 30 per 100,000 people, almost 30 times greater than that of Metropolitan Toronto.

Some out of 30 births there are illegitimate, and one in three babies is born to a teenage mother.

Against that backdrop of welfare dependency, violence and disintegrat-



Whittington, offering hope in the midst of desolation

ing family structure, the storefront churches have assumed the role of surrogate family. "The church will adopt you," said Spelman. For Chisetta Donaldson, 12, and Rachel Webster,

14, membership in the New Rising Sun Missionary Baptist Church has provided a second home. Chisetta has not lived with her mother since her parents broke up nine years ago, and her 23-year-old father is away, living with his girlfriend. Rachel's father also lives elsewhere, and her mother is mentally handicapped and has been on welfare for much of her life. The girls are cared for by Martha Davis, 62, great-grandmother to Chisetta, grandmother to Rachel—and a 15-year member of New Rising Sun.

Like Chisetta and Rachel, sisters Sasana and Theresa Williams have also found some stability through storefront churches. Sasana, 19, a single mother with two children by different men, said that her church has helped her through some hard times—especially when her fiancé and father of her second child was stabbed to death last August. Theresa, 18,

attends St. Timothy's House of Prayer, a 25-member church converted from a burned-out building. "I go because the pastor is nice," said Theresa, also a single mother with a two-year-old son. "It is like a family." But their mother, Georgia, who supports four children and three grandchildren with her \$19,990 factory worker's salary, also attempted to tap the spiritual energy of storefront churches. She said that the experience was "depressing."

The small churches offer spiritual nourishment to some of their parishioners, but they are ill-equipped to mount badly needed programs to deal with the cultural social ills of their community. Some still struggle to provide services and social cohesion. Last year Rev. Cleveland Whittington of the 300-member New Rising Sun began employing teens between the ages of 10 and 14 to make lunches. Whittington said that his aim was to show that an alternative existed to the gangs that often recruit young boys to sell narcotics on the streets. Whittington's church is one of the more prosperous storefronts and was able to purchase its building in 1979 for \$18,000. Still, 75 per cent of the congregation depends on welfare, and Whittington's budget was so limited that he could only accommodate four youths in his program.

As the same goes, the churches themselves have been the victims of the social discrimination that plagues North Lonsdale. New Rising Sun's storefront facade is no longer visible to the street, a series of break-ins forced Whittington



Edgar Degas, *Course de trotteurs à Longchamp*

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Storefront church is struggling to provide some services and social cohesion

to erect a protective wooden barricade. But Waddington, 64, who worked as a building superintendent when he first started preaching in the early 1980s, refuses to abandon his parishioners for a better location outside the ghetto. "These people who have no jobs need to be somewhere—I want them."

Because of their special appeal, the storefront churches have also become a

prized resource to politicians and law enforcement officials. William Henry, alderman for Chicago's 44th ward—which encompasses most of North Lawndale—has enlisted the help of 50 storefront churches to register black voters for Mayor Harold Washington's re-election campaign this year, the second election contest for Chicago's first black mayor. And the Chicago Police

Department and Federal Bureau of Investigation have recruited the churches to help combat drug trafficking by offering counselling and reporting drug sources to the authorities.

But the churches have also come under fire—from local leaders who are seeking economic revitalization in the neighborhood. Brenda Adams, for one, Henry's executive assistant, said that the storefront churches stand in the way of future development because they occupy space that could be converted into prime retail sites. She said Adams "We need these storefronts for businesses that want to grow." One of Henry's goals is to try to attract business through new housing construction and physical improvements to North Lawndale. And the City of Chicago is working with private developers on a \$45-million shopping-mall scheme intended to provide a town centre for North Lawndale.

But so far the plans remain on paper. And until investors become convinced that the community can reverse its fortunes, the daily ritual of welfare, alcohol, drugs and crime will go on—and North Lawndale's residents will seek refuge in the churches that line their decaying streets. "We still need a place to go," said Adams, "a place to say, 'Lord, give me strength.'"

—PAMELA KAMBLA in North Lawndale

FOLLOW-UP

Facing a last appeal

For U.S. Indian activist Leonard Peltier, the options have almost run out. Last week, after repeated setbacks in American courts, his lawyers continued to work on what might be Peltier's last recourse: a U.S. Supreme Court appeal for a review of his 1977 murder conviction. Peltier, charged after two FBI agents died during a 1975 shootout with Indian activists in South Dakota, fled to Alberta. After being extradited, he was sentenced to two consecutive life terms. Since then Peltier's lawyers have claimed that the trial was marred by anti-Indian prejudice and have argued that new evidence warrants a retrial. But the courts have rejected their petitions, upholding the original jury verdict as fair and maintaining that the new information would probably not have affected the trial's outcome. Declared defence lawyer William Kastner: "Revelation is the sweetest word I can use to describe our feelings about the handling of this case."

Included in the new evidence is a suppressed FBI ballistics test showing that Peltier's gun could not have fired the fatal shots. Peltier's cause has attracted supporters who include 56 U.S. congressmen, 90 Canadian members of parliament, including Liberal justice critic Robert Kaplan, and Robert Rauschenberg, the Archbishop of Canterbury. But for Peltier, 42, now in the U.S. penitentiary at Leavenworth, Kan., the high-powered support has had little effect. If a Supreme Court appeal fails, parole will be his only chance for freedom.

Peltier's supporters claim that a deep-rooted bias of Indian activists is one reason for the U.S. courts' position. At the same time, officials in the Soviet Union have used the case to counter U.S. criticism of Soviet human-rights violations. And Canadians have protested Peltier's extradition to the United States. For one thing, evidence presented at his extradition hearing—such as a subsequently discredited eyewitness affidavit claiming that he shot the agents—was not subject to cross-examination. Declared Don Rosenblum, a Vancouver lawyer who fought Peltier's extradition: "The case should give any Canadian reason to demand that our government take a sober look at our extradition process."

—JULIA BENNETT in Toronto



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Photo by David Laundy for The Canadian Press

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AIR CANADA

COLUMN

The growing claims of the aged

By Diana Cohen

The baby-boom generation is bigger than any other. As such, it has had an enormous impact on the Canadian economy. Marketing scientists and savvy advertisers have made railroads catering to the boomers—but economic policymakers have ignored them at their peril.

In 1990 inflation began to accelerate, and Ottawa thought the economy was growing too fast. By the mid-1990s the politicians embarked on a left-right solution policy designed to take money out of Canadians' pockets by raising taxes and the price of credit. The result was a recession and unemployment. When the politicians refused to recognize, however, that the demand for capital and public policies were rapidly tried to point it out—was that the baby boomers were about to enter the workforce. The upshot was that throughout the 1990s unemployment remained unacceptably high.

We're now in danger of making the same policy mistakes with the same group. If you look at trend lines it just about every sector of our economy, you'll see that, for the past 30 years, all of them have pointed upward. Industrial and public policies were consequently structured for continued growth—whether in population, in markets or in revenues.

But many of those industries—the birthrate, immigration, the demand for manufacturing and new services—all have begun to decline, and some have even started a steady downward trend. Coupled with these trends are some profound structural changes. We're making more goods with fewer people. There are many more private-sector workers in the workforce and far fewer women are staying home to raise children. Most importantly, the aging population is supplanting the traditional workforce pyramid. The baby boomers are steadily growing older.

Within a generation, the largest chunk of the population in Canada—those men and women born between 1946 and 1964—will be moving into senior citizenship. The International Monetary Fund has found that by 2025 one out of every five people in the new G-7 Organization for Economic Co-operation and Development countries will be 65 or over, compared with just under one in eight today. In West Germany and Japan, by 2025 one person in 10 will be 75 or more, with all the cost-

ly attendant health problems of the very old. Boomers are likely to live longer than any generation before them. Their numbers, in proportion to the young workers who will have to support them, may make them a terrible social burden—unless we do some thoughtful planning.

Just six years ago almost one-third of all Canadians over 65 were poor. In 1985 that figure was down to one-fifth. This has happened because more Canadians are retiring with both government and industry-provided private pensions, and because more of us have our own homes and other assets.

In the meantime, young people's share of the poverty has been rising. That's partly because they're having to pay more for housing. While the trend is more stable in the United States than in Canada (their statistics are more relevant because they are available right back to 1978), it is dis-

Baby boomers who learned activism in the 1960s are unlikely to give up their pensions without a messy fight

turbing. A recent issue of *The Economist* said age "could become a more divisive influence on the world than race, sex and class have ever been." That's because, for the first time, the older generation will be bigger than the younger generation, and while the elderly will be richer, we do not have the foresight to realize that they need much more help as they grow older.

We saw what happened in Canada when the Conservative government first maintained the possibility of delaying old-age pensions—not cutting them but de-indexing them. The government didn't think its action through. If it had, it would have made a clear distinction between the universal old-age pension and the guaranteed income supplement that only goes to the poorest old people. Because the attempt was not treated as an emergency, the government backed down. Now it has become politically much more difficult to open up the whole question of allocating limited resources only to those who need them most.

Everyone over 65, regardless of in-

come, will get the old-age pension, which adds to the affluence of some seniors but does little for others who, with no other income, are left on the start-up edge of poverty. Income which will happen when older people are more numerous, more affluent, and relatively more sophisticated. The baby boomers who learned their activist tactics as '60s campus radicals will be unlikely to allow their privileges to be reduced without a messy fight. In the other hand, the young working class will be paying the bill and be unlikely to sit still under the ever-more-cruel tax burden required to support the universal safety net we have put in place.

In the United States, a group called Americans for Generational Equity (AGE) is trying something similar, warning about the danger of conflict between generations. The group, funded by corporate sponsors, says that prodigal consumption of resources and physical resources cannot continue without endangering the living standards of future workers and the retirement benefits of the baby boomers.

Of course, today's burgeoning youth unemployment problems will largely melt away in the next 10 years. In fact, the lack of young people willing to do entry-level positions may already be a problem. In some parts of the United States, certain fast-food outlets are reportedly paying a bounty to employees who can find other young people to work.

Still, we have to cope with two equally sticky extremes of the spectrum: dead-end jobs, who can find intermittent employment at best, and starving elders. By the year 2020 it will be an entirely different story: the dead-end jobs will be hard to support the elderly, who will outnumber them three to one, while worrying about their own abilities.

So far we have done one thing right: we've made pensions more portable and more flexible. That will help immensely in making the workforce pyramid more humane and more realistic for retirement part-time workers and for women. This will also help encourage older people to accept lower pay and fewer hours in their final years. It will help them to help it will open up room for younger people.

Let's make sure that whatever else we do will not require cutting 10 or 15 years from now.

Diana Cohen is a Montreal-based freelance writer.





Wilson wearing his traditional new budget speech: a breathing space before a major overhaul of the tax system

CANADA

Waiting for tax reform

It was a role of Michael Wilson that few Canadians get to see. In place of his usual striped bow tie and conservative black leaders, the finance minister was wearing a red-and-white hockey sweater, goalie pads and skates. And instead of leading off tonight in the House of Commons, he was blocking shots on the ice of the Niagara Spectacles outside Ottawa's Scotiabank. Wilson loosened up on the ice, cheering his fellow nin on to a 12-11 victory over the St. Catharines. Wilson had come to the game straight from his downtown office, where he had just put the finishing touches on the budget he presented last week. It was still an 18th child as he slipped orange juice in the dressing room. Adapting the famous phrase of Harry Truman, Wilson joked, "I guess you

can say the puck stops here."

Indeed, in the Conservative government these days, the puck does stop at Wilson. His economic successes are one of the government's few bright spots during a time of turmoil, scandal and cabinet resignations (page 11). And the political fortunes of the Conservatives are firmly tied to Wilson's much-heralded plan for comprehensive reform of the tax system—to be announced this spring. In his budget speech last week, Wilson gave some hints of what the still vaguely defined reform package will contain. Said one Tory insider: "Wilson has now built tax reform into a big issue, and he's going to have to deliver on it."

The promise of tax reform was largely responsible for the fact that Wilson's Feb. 18 budget—his third since the Tories took power in September, 2004—continued much less than any other

budget in recent years. Even Wilson acknowledged that the slim document was short on new initiatives. But he said it was just "a breathing space" before he proposes his major overhaul of the tax system in late April or early May. It stark contrast to previous budgets, last week's contained no new spending programs for the poor, the unemployed, disadvantaged regions or struggling industries, and only minor tax increases on items as diverse as cigarettes and airline tickets (page 22). Even the economic forecasts it contained will be changed when tax reform is introduced. Liberal Leader John Turner questioned why Wilson even bothered with the exercise, calling the budget "the slimmest and the weakest" that he had ever seen.

Without the customary new programs to talk about, a forlorn and confident-looking Wilson used his budget speech to boast that Canada created jobs at a

fast rate and had a higher rate of growth (3.3 per cent) last year than any other industrialized country. But the opposition parties focused on either figures showing a 48 per-cent rise in personal income tax revenues since the Tories assumed office, compared with an increase of just 45 per cent in corporate tax revenues. Claiming that the projected reduction in the federal deficit over the same period—in \$20.3 billion from \$39.3 billion—had been done at the expense of ordinary Canadians, NDP Leader Ed Broadbent urged Wilson to redress the imbalance immediately. Asked Broadbent, "Why is it too soon for corporate tax reform but not too soon for this government to seek the average family when it comes to taxes?" Wilson's answer wait for tax reform.

Ottawa's drive toward comprehensive tax reform—announced last July—was prompted largely by sweeping tax changes in the United States passed by Congress last fall. Canadian officials feared that sharply lower tax rates south of the border would prompt companies and individuals to leave Canada unless their country moved in the same direction. But so far, Ottawa has released few details of what the Canadian version of tax reform will look like. Wilson has said that he wants to reverse recent tax loopholes available to corporations and individuals and use the money saved to lower tax rates for everyone. In addition, the current federal sales tax, which applies to a narrow range of manufactured goods, will be replaced with a broader tax, imposed at a lower rate, on all goods and services. The intended result, businesses as a whole will pay more tax while individuals will pay less. Declared Wilson last week, "The large majority of individual taxpayers will pay less tax in total."

Other finance ministers have tried without success to make major tax reforms, owing to grief when their plans raised the ire of well-organized special interest groups. Wilson has enlisted business, labor and social groups in the efforts to avoid repeating the mistakes of his predecessors. "Everybody has a little bit of an axe to grind," he told reporters at a postbudget lunch last Thursday. "They want to get this set of tax reform and that set of tax reform. We have to keep reminding them that tax reform is a balance. To get some of the benefits, there may have to be some give-up as well."

However, Wilson faces the reality that his government's members do not. Social groups, for example, have expressed concern that the new sales tax, which would make them possible, will unfairly burden low-income earners. In his previous budget of February, 2004,



Turner's report on new initiatives

Wilson partly cast his concerns by introducing a refundable sales tax credit that companies lower-income Canadians for parts of the sales tax they pay. And last week he promised to convert more deductions and exemptions on the income tax form into credits—which benefit most those who earn the least. But one of the biggest problems the finance minister faces may be one of his own: making unrealistic expectations.



Broadbent 'looking the family'

Said economist Short: Addressing of Harris Pty Ltd. "The problem is that all individuals will expect lower taxes, and given the size of the budget deficit, that's not going to be possible."

Wilson shared last week that the American experience under President Bush's special interest groups by streamlining the benefits of lower rates. But critics point out that the American package was a bipartisan effort by both Republicans and Democrats, whereas Wilson is almost certain to face opposition from the Liberals and New Democrats. Others raised concerns about Wilson's own ambition to sell his reforms to the public. Said one tax expert who asked not to be named: "You have to guarantee in advance all those people who quietly realize they'll come out better in the deal. Somehow I wonder whether Wilson has the charisma."

In an interview with Maclean's two days after his budget speech, a confident and relaxed Wilson dismissed those concerns, saying, "There isn't too many business executives who are going to be charismatic." What people want, he said, is a sense that the package has been well thought out—and he said that he is confident he can get that idea across. "I'm not in a room with people," he said, "and if I am convinced that the way we are going in the right way to go, I can convince them."

Still, the stakes for Wilson are very high. Government leaders not only have to get their major items on the Conservative agenda, but also to ensure that the government's policies are sound. The government simply cannot afford to fail on tax reform. "We have to get the whole government behind it," said one. In the tentative timetable he set out for reporters last week, Wilson said that he hoped the reforms would take effect for the 1998 tax year, which means taxpayers will see the benefits in the spring of 1999. Plans are already under way in the finance department for a public-relations campaign—including sending five key cabinet ministers on cross-country tours—as soon as the tax proposals are announced. Legislation is to follow in the fall. The timing looked suspicious to the opposition Conservatives, who accused the government of cynically delaying reform in order to use it as an issue in the next election. Others, however, warned that even such a potentially popular move may not be enough to revive the fortunes of the beleaguered Conservatives. Said Broadbent, "The government has to do something to re-establish its own credibility, or the reform package itself won't have credibility."

—MAGLAPTE BROWN in Ottawa

The rise of the man behind the budget

During his days on the softball diamond is a suburban Montreal gentleman's league, Stanley Hart was known for his witty, non-stop verbal assaults on opponents and his associates in the Montreal legal community remember Hart as a brilliant lawyer who led a charmingly chaotic lifestyle. But once moving to Ottawa in September, 1983, to become deputy finance minister, Hart, 44, has adjusted smoothly to the rigid behavioral code and discretion required in the civil service. In the process, he has established himself as one of Ottawa's most powerful public servants and a trusted confidant of Prime Minister Brian Mulroney. Although Hart's greatest challenge—a less-estimated blizzard of refereeing the tax system expected this spring—will be ahead, he has already earned Mulroney's gratitude as a key architect of two federal budgets, including the one that Finance Minister Michael Wilson delivered last week. Said L. Ian MacDonald, a speechwriter for Mulroney and a longtime cohort with Hart of a CBC television public affairs program in Montreal: "Stanley has the Prime Minister's complete confidence."



Hart: An old hands with both Mulroney and Turner

both were young lawyers in Montreal during the late 1960s. Despite his lucrative law practice, Hart also piled up substantial personal debts. They stemmed partly from a divorce settlement with his former wife, Linda. Said one friend: "Stanley's debt was commensurate with his income, and most of it was accumulated because he has a huge salary and because he remains very, very generous to his family." As a result, Hart's friend a fellowman whom Mulroney approached him about moving to Ottawa, Hart told friends that he would not be able to meet his debt obligations on the salary of a deputy minister—between \$100,000 and \$120,000 a year.

Through the years Hart mentioned his friendship with Turner. He was a member of the so-called "195 Club," the informal collection of Liberal delegates to the party's 1968 leadership convention who shook with

Turner to the end, voting for him on the last ballot despite the handsome bidding for the man who won the convention and went on to become prime minister—Pierre Elliott Trudeau. Hart also kept up a friendship with Mulroney, when he met while

obligations on the salary of a deputy minister—between \$100,000 and \$120,000 a year. Then, a group of about 35 friends and associates banded together to buy Hart's shares in Vestro Food Services Inc., a privately held company that was several Burger King franchises in Quebec. The arrangement, Mulroney's has learned, enabled Hart to pay off his debts and take the substantial pay not involved in entering public service. But it was carefully structured to avoid possible future conflicts. Hart's shares were evaluated by two independent consumers, and the deal was handled by a trustee so that Hart did not know the identity of the friends who bought his shares. Said one person involved with the arrangement: "This thing was done properly. We were not stupid." Added Peter Davelos, the finance department's assistant deputy minister of communications: "This was not a donation or a gift. Stanley used an asset in a real operating company and he did it in a way so that there would be no hint of conflict."

With the long hours involved in drafting last week's budget now behind him, Hart will focus his attention on the government's long-promised tax reform proposals. Already, some Conservative insiders have indicated that Mulroney would like Hart to replace Paul Tait as Clerk of the Privy Council—the most senior position in the civil service—once the

comprehensive tax reform package has been introduced. Association of Hart said that he is acutely aware of the political pressures involved both in tax reform and in budget-making. Said one old friend: "There is almost a role reversal in Finance. Michael Wilson is the inchoate number cruncher, while Stanley provides the crucial political input." The politically sensitive issue of tax reform will put that allyship to its severest test so far.

—KEITH WALLACE WITH
ANTHONY WILSON-BROWN in Montreal



LaSalle in home-town restaurant, Atkins (below) as 24-term law in the polls

A Tory veteran bows out

When Brian Mulroney left Ottawa last week for a week's holiday in Palm Beach, Fla., he had much more on his mind than the sun. The Prime Minister was rattled by a new Gallup poll which put the Conservatives at an all-time low for a governing party. In addition, Mulroney had just accepted the resignation from his cabinet of Roch LaSalle—the seventh minister to leave his government under a elected since the Tories were elected in September, 1984. And he earned with him recommendations from his former campaign chairman, Senator Norman Atkins, that included major changes in his personal staff in the Prime Minister's Office (PMO). Said one senior Tory insider: "The problem with the Old Guard PMO is that there is no one in there who knows about governing."

Atkins' recommendations for staff changes came as the government lost another member to the tide of scandal that has swirled around it for the past five weeks. In January LaSalle, who was a minister without portfolio, was forced to fire two aides after it was revealed that they had sexual relations. And two weeks ago CBC News reported that 30 businessmen paid \$5,000 apiece to attend a party in July, 1985, at which LaSalle was guest of honor. It is the expectation that they would receive federal contracts. Last week Mulroney finally accepted LaSalle's offer to resign, made in a letter to the Prime Minister dated Feb. 26.

Dismissing the allegations against him as "vicious and unfounded," LaSalle said in his letter that he was leaving the cabinet to help restore the government's tarnished credibility—but would stay on as an ex-Grande, north-west of Montreal, until the next election. He added wistfully, "I will



LaSalle (left) began his life in politics—just a representative of my riding. LaSalle's resignation coincided with the release of the latest damaging poll, which put the Tories in third place in every province but Alberta. The Gallup poll—conducted Feb. 11-14 as the government was deeply embroiled in al-

gations of wrongdoing by several ministers and their aides—placed the Tories third with just 22 per cent support among decided voters. The Liberals stood at 44 per cent and the NDP at 32 per cent.

The poll results added urgency to Atkins' plea for changes in government strategy. Senior members of the Big Bear Machine—the Ontario Conservative organization of which Atkins is a member—said that Atkins believes there are serious problems with at least four top advisers to the Prime Minister: senior adviser 2. Alfred (Fred) Doon, communications director William Fox, policy adviser Charles McMillan and press secretary Michel Gratton. They believe the person most likely to leave soon is Doon. But those same Conservatives said that, contrary to some reports last week, Atkins did not suggest that the Prime Minister fire any specific staff members. In particular, they said, he did not tell Mulroney that he should dismiss his principal secretary and chief of staff, Bernard Roy. Several of Atkins' friends emphasized that he had suggested staff changes only as part of a broad strategy to improve the government's sagging popularity. Declared one Ontario Conservative: "Norm could never say that you could fix it by firing one or two people."

Indeed, many Conservatives doubted whether Mulroney would be bold enough to purge his office of such longtime friends as Doon and McMillan. Declared one senior PMO staff member: "You are not going to see a widespread purge." Some suggested that it was more likely that Mulroney would fire a few advisers rather than fire existing staff.

For his part, LaSalle, 57, appeared philosophical last week as he discussed his resignation in a memo to his business of Children, Que Smoking a cigarette and signing autographs with friends. LaSalle said he would not run in the next election. Said the veteran MP, who suffered a heart attack and underwent major heart surgery last year: "I don't want to be in politics." LaSalle has represented the Liberals in the riding since 1968, except for a five-month period in 1983 when he served provincial politics, but his popularity was based more on his personal reputation than on local loyalty to the Conservative party. As a result, his promise to retire after the next election looked like a Conservative change in the area. Said André Lafontaine, editor of the weekly *Journal Avenir*: "People voted for the man, not the party. Now that the man is finished, the party barely exists here."

—BRIAN BACKHOUSE in Ottawa and
MARK ANGLIM in Toronto with DAVID BROWN

Ottawa shuts the gate

Six months ago Carlos was a respected resident of his small provincial town in eastern El Salvador. He was the principal of the town's only high school and his wife worked as a government clerk. "We were recognized as leaders in the community," he said last week. But

church's encouragement was increasingly condemned by refugee aid groups and both federal opposition parties. Liberal MP Sergio Marchi said that the Conservative government had "turned back the clock on what has been a proud and humanitarian refugee tradition." Added



Salvadoran refugees Antonio Gonzalez (left) and Angel Martinez in Toronto. Star

when Carlos began discussing politics with some of his pupils, right-wing groups threatened his life. Picking a few belongings, he fled with his family to the United States. Then, last November, the U.S. Congress passed a law prohibiting employers from hiring illegal aliens, and Carlos, 38, and his family moved again—to a Toronto hotel. But late last week, after Ottawa announced tighter entry controls on immigrants claiming refugee status, Carlos, who stated that his last name need not be used, expressed fear that he would be forced to move once again. "All of us Central Americans are worried about the new measures," he said. "The new law in the United States has forced us out. And now Canada is closing its doors. Where are we to go?"

In fact, the new regulations announced by Immigration Minister Bennett Beaudry will not affect Carlos and other refugee claimants who arrived in Canada before Feb. 20. But they will affect thousands who intend to follow in his path. Be-

audry's immigration lawyer Joyce Todd. "There is an abundance of double-talk about how Canada will continue to accept 'real' refugees, but that is just a ploy to keep people away. The real message is, 'the ad hoc'."

Under the new rules, refugee claimants from countries on the United States will have to stay out of Canada until an Immigration hearing can be scheduled, instead of applying for refugee status from within Canada. People from countries whose citizens require visas to visit Canada will now also need a transit visa if they are stopping in the country on their way to another destination. Most importantly, Beaudry announced that a special list of 18 countries in which Canada did

not permit refugee claimants has been cancelled. Now, claimants from countries on the so-called "B1 list" will not be granted the automatic right to stay in Canada while their claims are being processed. All refugees will have to go through the same lengthy process of inquiry and appeal. The list included such war-torn countries as El Salvador, Iran, Sri Lanka and Guatemala, where discrimination might be in danger if they returned.

Beaudry insisted that the new system was not intended to close the door on genuine refugees. Under a recently renewed agreement with Washington, he noted, the U.S. will not deport refugees to their countries of origin while they are waiting to enter Canada. "We want a positive immigration program that permits the orderly entry of immigrants," he said. "But we cannot maintain such a program if we allow abuse of our refugee program to continue."

Indeed, in recent months a flood of refugee claimants has entered Canada—many using false travel documents. The flood has become a torrent since last week the U.S. laws took effect. More than 6,000 refugee claims were made in the first six weeks of this year—straining immigrant services. Scott John Jagt, Metro Toronto director of hotel operations. "The numbers have skyrocketed and we are struggling to make do."

But critics said that Beaudry's new rules may make the situation more difficult. Under the old system, refugee claimants from countries on the B-1 list received a temporary permit to continue their work, while their claims were being processed. Now, critics said, they will be forced onto welfare rolls.

Ottawa accused critics that the new measures are temporary, and said that the government would introduce long-awaited legislation on refugee policy in the spring. But at the Quakers Friendly House in downtown Toronto, refugee worker Dan Anstett noticed a new twist to the day of Beaudry's announcement from a Salvadoran immigrant in Austin, Tex., who wanted to bring his family of 20 to Canada. Explaining that the law had just changed, Anstett told him: "You afraid you're too late."

—MARGARET GILL AND
SHERIE ABERNETHY in Toronto
MICHAEL BOSE in Ottawa
and BRUCE WALLACE in Montreal

Beaudry tighter controls



Wrapping up an inquiry

The embroiled witness-chair remained empty after listening to testimony from 30 witnesses, the inquiry into conflict-of-interest charges against former federal cabinet minister Stephen Stevens concluded last week with final arguments from a dozen lawyers. But before the commission chairman, Ontario High Court Judge William Parker, allowed them to proceed, he had one question: was there any further evidence to add to the 10,127 pages already awaiting him?



Lawyers Scott (left), Sopinka: "increased concern"

Commission lawyer David Scott as expected all charges against Stevens. Sopinka did call for sweeping changes in federal conflict-of-interest, including full public disclosure of a minister's assets and the establishment of a House of Commons ethics committee. But only Parker can make those recommendations in his last report, expected within several months. That report is eagerly awaited in Ottawa, shaken as the government by allegations of conflict and wrangling (involving several ministers and their aides. Indeed, a senior aide to Prime Minister Brian Mulroney told Mulroney's staff that the government wants to see Parker's report before making changes to the rules governing political conduct.

In his strongly worded 800-page submissions, Scott concluded that Stevens had been in "real or actual" conflict of interest in 11 instances while serving as industry minister before his resignation last May 12. Scott told Parker that the diaries of Shirley Walker, Stevens' ministerial assistant and former

private secretary, proved that Stevens had raised government business with the private affairs of his family holding company, York Centre Corp. Scott also questioned the testimony of Stevens and his wife, Norwen, concerning a \$2.6-million loan that Norwen negotiated in 1985 for York Centre.

Acting as lawyer for the financially troubled company, Norwen Stevens obtained the loan from Toronto businessman Aaron Coplan, founder of Magna International Inc., an automotive manufacturer that received \$20.6 million in grants from the minister's department. Both Sinclair and Norwen Stevens maintained that they had not discussed the loan—a key part of Stevens' defence. Scott Scott said that claim "untenable," and said that Stevens must have known about the loan. Even if Stevens had been unaware of it, said Scott, "there is at the very least an appearance of conflict."

In rebuttal, Stevens' lawyer, John Sopinka, insisted that there was no proof that his client knew of the loan or that he gave Magna special treatment in return for private gain. "Nowhere is it stated that somebody actually got a preference," declared Sopinka. And any appearance of conflict, Sopinka argued, was irrelevant because there was no way to determine how such an appearance might affect Stevens' conduct as minister. Sopinka accused Scott of being "heavily adversarial"—and expected all charges against Stevens.

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—SHERIE ABERNETHY in Toronto



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The White House secrets

When President Ronald Reagan commissioned former senator John Tower to investigate the National Security Council's role in the Iranian arms scandal last December, he would that he wanted "all the facts to come out." Still, observers in Washington con-

sidered it unlikely that he would have been antipathetically biased. The compromised documents are also said to include a crucial memorandum written by former national security adviser Robert McFarlane last Nov. 18 which laid out a blueprint, alongside Reagan, to plausibly deny that he had approved the initial arms sales more than a year earlier.

A mistake, in fact, he said, he had not authorized any arms transfer until after the first Israeli shipment of two antitank missiles to Iran. At issue is whether the President may have broken his administration's own laws before Reagan's news conference on the scandal last Nov. 19, the false chronology was worked on until late the night before.



Smith and Tower (left) Tower (far right) after hearing courtney with McFarlane's during testimony

sidered Americans to expect little from the Senate Intelligence Committee's three-man panel, which appeared designed merely to quell the mounting public criticisms of Reagan. But as the Tower commission prepared to publish a declassified version of its final report this week, it appeared that it had uncovered more than Reagan had hoped for. According to sources close to the commission, the report contains documented proof of a concerted White House effort to cover up the President's key role in instigating the controversial arms sales to Iran. Some of the most damaging testimony came from hours of unscripted White House staff memos, wrongly believed

by their authors to have been antipathetically biased. The compromised documents are also said to include a crucial memorandum written by former national security adviser Robert McFarlane last Nov. 18 which laid out a blueprint, alongside Reagan, to plausibly deny that he had approved the initial arms sales to Iran via Israel in August 1982. But two weeks later, after consultations with his staff of staff, Donald Regan, the President told a different story. On Feb. 21 Reagan told the commission that he had made

turned material so "explosive" it could result in criminal charges against some White House staff. Said one official, "Everyone is afraid." The latest disclosures underwrite the general rule McFarlane has played in investigations into the Iranian arms deal. McFarlane insisted the shipments in 1982 when he was national security adviser. The Tower commission may also cast more light on the reasons for his suicide attempt two weeks ago—only hours before he was scheduled to testify before the commission—when he was rushed to hospital after taking an overdose of Valium last week, as the former Marine officer continued his recovery in the

Belthards Naval Hospital. Tower took his commission to McFarlane's bedside. Then, in those hours of evening testimony, McFarlane gave informal views which may provide the most damaging indictment in date of the President's role in the arms scheme.

telling fellow insiders another.

Last week's reports also further implicated in the cover-up the man who apparently forced McFarlane out of the White House—Donald Regan. Regan's resignation is now being discussed amid reports that Nancy Reagan herself had linked to reports that she was no longer speaking to her husband's prickly chief of staff. Ac-

cording to these leaks, an two recent occasions Regan kept up on the First Lady in the middle of a telephone argument. After the President himself appeared to avoid voting support for Regan during an Oval Office photo opportunity last week, White House officials predicted that the chief of staff would be gone by April.



Regan; McFarlane (below): the CIA didn't want to know

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—MARTIN McDONALD in Washington



Washington, Byrne (right) running for the leadership of a racially-divided city

UNITED STATES

Chicago's two solitudes

In Chicago, the issue that dominates municipal politics is rarely discussed in the open. For most Chicago residents, the key factor when they vote in this week's Democratic and Republican primaries for mayor will be the candidate's race. But unlike the 1983 election, which became a verbal war, the issue has gone underground in the run-up to the April municipal vote. Elected Harold Washington, elected as the city's first black mayor four years ago, clearly tries to avoid the topic. And his only serious competition for the primary, former mayor Jane Byrne, says only that Washington is "divided." Chicago's black Democrats, the chairman of a group monitoring election tactics in the nation's third largest city. "To walk in Chicago at this time is to see how much the people who make up this great community still live very, very separate lives."

Two public opinion surveys conducted for the Chicago Tribune graphically outlined the gulf between white and black voters. In one finding, 80 per cent of LUT black respondents said that they would vote for Washington—prompting the newspaper to publish its election for the July 66-year-old former lawyer. But in a survey of 311 whites in predominantly white neighborhoods, Washing-

ton was favored by only one out of six respondents about 40 per cent of the city's three million residents are black. Observers say that such polarization is a serious concern in a city that contains a concentration of black middle-class and leaders—including former Democratic presidential hopeful Jesse Jackson—as well as many large black-owned U.S. corporations.

For more than half a century the Democratic machine has put its own candidate in the mayor's office. In the 1960s, under Mayor Richard Daley, who died in 1976, the party excluded blacks from its upper ranks and the city's administration. But now rising Chicago blacks say that they are angry of the Washington administration and that they do not want to lose the progress they have made electorally. Last week more than 300 black residents from a south-side low-income ward crowded into a local alternative ward office and meeting room for a brief chance to see Washington. Outside, shabby liquor stores and run-down shops surrounded the building as a poor stretch of W. 56th Street. Inside, the floors were carpeted and the walls were covered with a conservative-paper mural of Martin Luther King's life—a stark contrast to the tawdry neighborhood that has been abandoned

for the most part to drug dealers. Washington told the crowd that Byrne tried to deny them their money in the primary by appealing a court decision that would have allowed more blacks to raise. Washington declared, "There's only one answer." The crowd shouted back, "Burn Jane Byrne."

On the opposite side of Chicago on Harrison Avenue, an excited crowd gathered in Angel's Restaurant to cheer Byrne. Seated next to Douglas "Duke" Giampouros playing his combination symphony—second, the crowd of mainly Irish, Greek and Italian Americans appeared to be receptive to his message. He said that Washington would waste property taxes

and allowed city services to deteriorate and had done little to curb the crime rate. He said Byrne. "The city that once worked has become Boney by the lake."

Byrne herself served a controversial term as mayor from 1979 to 1983 when both transit workers and firefighters staged paralyzing strikes—earning her the title Calamity Jane. But political observers are finding it more difficult to serve Washington's impact. He had pledged to clean up Chicago's notoriously corrupt politics. However, until a recent change in ward boundaries took effect, he was forced to deal with a slim white majority on city council which posted its votes against him. That caused a two-year delay in passing a watershed down version of a bill designed to eliminate excessive campaign contributions from city contractors to politicians, the largest of public employees for money and causing conflict of interest for both municipal workers and politicians.

Because of the weakness of Chicago's Republicans and independents, victory by either Byrne or Washington in the Feb. 16 primary is a guarantee of success in the April election. If, as expected, Washington returns to office, McDermott predicts that his administration could eventually effect several major changes. But McDermott. "The future of race relations in the United States is very much caught up in what happens in Chicago."

—IAN MOTTEN in Chicago

IRELAND

The Irish Houdini

During his 30 years in Irish politics, Charles Haughey has been called everything from a statesman and a visionary to a ruthless demagogue. But both his supporters and his critics agree that Haughey, 61, has a remarkable ability to bounce back from political defeat. In 1970 the then-prime minister, Jack Lynch, fired

himself of the four-week election campaign, Haughey's lead over Fitzmaurice was so great that most analysts expected him to win a comfortable majority in the Irish parliament, or Dail. Instead, Fianna Fail lost support during the campaign and finished with only 58 seats, three short of a majority. That will force the new



Haughey with supporters, Fitzmaurice (below): a short-lived celebration

Haughey as finance minister amid charges that he had illegally exported arms for use in Northern Ireland. Despite his sagacity, the episode cost many observers that Haughey's parliamentary career was finished. Instead, he gradually rebuilt his power base and became prime minister when Lynch resigned in 1979. But Haughey's Fianna Fail (Warriors of Destiny) government was plagued by scandals and after two brief terms in office it lost to the rival Fine Gael (Tribe of Ireland) party, led by Garret Fitzmaurice, in 1982. Last week the two men faced each other again in a general election and Haughey won—confirming his reputation as the Houdini of Irish politics.

Still, the victory celebrations will probably be short-lived. At the

government to rule with the support of independents—and could compel Haughey to call another election later this year. At the same time, the new prime minister will have to grapple with Ireland's 10.5 per cent unemployment rate and a \$40-billion national debt which has doubled in the past four years. Last week Dublin analyst "It is a wonder that anyone ever wanted to be prime minister at a time like this."

So far, Haughey has given only a vague indication of what his government's policies will be. Throughout the campaign he relied against Fitzmaurice's plan to reduce government spending this year by 2.6 per cent, or \$69 million, saying that the luckless of government would fall most heavily on the poor and unemployed. Although he acknowl-



edged that spending cuts were needed, the Fianna Fail leader refused to say where they should be made. That prompted Fitzmaurice, whose party won 41 seats last week, to suggest that voters who marked their ballots for Fianna Fail were "buying a pig in a poke."

Haughey also seemed to back away from an earlier promise to seek changes in the Anglo-Irish Accord. The agreement, signed by Fitzmaurice and British Prime Minister Margaret Thatcher in 1985, was welcomed by most of Ireland's 3.6 million citizens because for the first time it gave the predominantly Roman Catholic country a voice in the affairs of Ulster, the British-controlled province in Northern Ireland, where Protestants outnumber Catholics by two to one. In the past Haughey had sharply criticized the accord because, he said, it implied that the Irish Republic had dropped its historic claim to Ulster. But earlier this month he promised that he would honor the agreement and use it to try to improve conditions for northern Catholics.

In fact, the results of the election signaled clearly that most people in Ireland were far more worried about the fertile state of the country's economy than they were about the future of Ulster. None of the 37 candidates fielded by Sinn Féin, the political wing of the outlawed Irish Republican Army, won a seat. Instead, 18 seats went to the Progressive Democrats, a party formed only 14 months ago that has called for steep cuts in both public spending and taxes, as well as a program to end all aid to Ireland's state-owned industries.

The mood of pessimism about the economy is reflected in the growing numbers of young, educated Irish who are emigrating in search of work. Last year alone at least 31,000 left the country. "Everyone I know has either gone or is planning to go," said Jacqueline Mulcahy, 21, an undergraduate at Trinity College in Dublin. Thousands of other people who lack jobs do not have the option of emigrating abroad. For them, the future looks bleak. Michael Boyle, 31, lives with his wife and four children in Dublin, a graffiti-scrambled public housing project in Dublin's north and that shelter 30,000. "Life is hard enough for me now, but what really bothers me is what it's going to be like for my kids," said Boyle, who lost his job in an aluminum-window factory in 1984. "Every time I tell my 16-year-old boy to study hard he looks at me and says, 'What for?' Haughey's challenge will be to find an answer."

—BONNIE LAYTON in Dublin



Singla (center) with the cadres in Honduras, searching for a cursed treasure

PHILIPPINES

Singla's new mission

It is called the Yasukuni treasure, a hoard of gold and jewelry supposedly plundered by the Japanese in the Second World War and stashed around the Philippines during the Japanese occupation. Named for Japan's command post in Manila at the time, the treasure has for years lured hunters with the prospect of hidden billions—simple stories that it also carries a curse. The latest searcher, however, in somewhat surprising retired Maj. Gen. John Singla, former head of U.S. forces in South Korea and chairman of the American chapter of the World Anti-Communist League. Singla, 66, has received a government permit to hunt for the loot and appears to be doing just that. But many observers say that they are suspicious—particularly because Singla's past treasure hunts have dug up private contributions for the Newscorp rebels, the catalyst in the Philippines, decades ago, Singla's real mission is to help build an essential grass-roots counterinsurgency against Communist guerrillas.

Singla began his Philippine adventure last fall, setting up shop in the Manila office of the Hong Kong-registered Nippon Star Engineering company. Since then, according to diplomatic and government sources, he has held talks on counterinsurgency with Philippine military officers. One senior officer said that Singla was willing to use a group of guerrillas identified with deposed president Ferdinand Marcos, presumably to supply anti-Communist vigilante groups. Some military men told

they had the impression that the general was setting under Washington's direction, although officials of the Central Intelligence Agency have told the army that he was not. Singla himself has kept a low profile. But last week he told a Manila radio station that reports linking him to vigilante efforts were "a total distortion, is undoubtedly perpetrated by the Communists."

Still, there is clearly a market for right-wing ideas within the Philippine military. Disgruntled officers, among President Corason Aquino's of being soft in his handling of the 17-year Communist insurgency, have awarded three unsuccessful coup attempts in the past year. One senior officer said the army itself was organizing vigilante groups to fight Communists in the countryside. "Now if someone would come in and help us," said the officer, "way go!" Western diplomats in Manila, however, say they are worried that vigilante outfits, possibly supported by Singla, could destabilize Aquino's government.

Meanwhile, Singla's treasure hunt has begun of the coast of southern Luzon, the country's largest island and home of the capital of Manila. His associates on the project include several U.S. military veterans, who claim they will share any uncovered riches with the Philippine government to help rid it of its 100-billion national debt. One Philippine military official said he has even seen one of the group's discoveries: one gold brick weighing 130 lb.

—BOB LEVIN with LEE KUEHANN in Manila

THE SOVIET UNION

Gorbachev's progress

Soviet leader Mikhail Gorbachev has called his drive to reform and liberalize his country glasnost—openness. And last week he provided a glimpse of the obstacles he faces in his ambitious campaign. He had told a group of Soviet journalists in Moscow that last month's plenum of the Communist Party Central Committee had been postponed three times before it finally opened on Jan. 27. The plenum, which was to have been held last fall, unveiled Gorbachev's plans to introduce a limited form of democracy—including the secret-ballot election of party officials. Then, late last week, in a tour of the Soviet Baltic republics, he said that he would rather get than abandon the reform campaign that he initiated more than a year ago. "I believe deeply in what we have begun," said Gorbachev. "If I were told that we must now stop restructuring, I would never agree to that."

His remarks followed the release of two prominent dissidents—Jewish activist Josef Begun, 56, and psychiatrist Anatoly Koryagin, 65—even though they had refused to sign a pledge to refrain from anti-Soviet activity. The two men had been excluded from the original mass release of 140 dissidents announced in early February as part of Gorbachev's plan to reduce an estimated 3,000 political prisoners. "These demonstrators protesting Begun's imprisonment were attacked by men believed to be plainclothes officers. In an indication of Kremlin re-fighting, Georgi Arbatov, head of the Kremlin's prestigious U.S.-Soviet Institute, denounced Begun's release on U.S. television on Feb. 15—only to retract it the next day. The release of both men finally took place three days later—and many observers saw it as proof of Gorbachev's determination to fight opponents to his plan.

During his tour, Gorbachev said that his three days in Latvia had convinced him that his program enjoyed broad public support. But he said that the moves to greater democracy—encouraging public criticism and competition for party positions, among other reforms—would be difficult for some. Said Gorbachev: "I can tell you that even among our best party officials, many have not understood that a new stage in their work has begun." □

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Stock-food shopping: new revenue from taxes on Granola bars, potato chips and Pop-Tops, with tax relief to follow

BUSINESS/ECONOMY

Whittling at the deficit

Finance Minister Michael Wilson described it as a "breathing space" budget. His critics called it an attack on families and the unemployed, while some economists said that the federal government's annual tally of expenditures and revenues was simply boring. But for what it lacked in excitement, the federal plan for the fiscal year beginning April 1 compensated in clarity of purpose. The government, said some analysts, clearly intends to keep whittling away at the federal deficit by raising a variety of taxes on gasoline and tobacco, applying a new tax on snack foods and by refusing to expand government programs. That determination was welcomed in the business community. Said Roger Harned, president of the Canadian Chamber of Commerce: "We have had deficit reductions for the third year in a row, and that is good. But we are disappointed that he did not go further down that path."

Wilson's budget amounted to a gen-

eral summation of the economic state of the country and left such contentious issues as unemployment, tax reform, transfer payments and regional growth to a future forum. But in one shift the finance minister did use the budget as a vehicle to enact a series of retaliatory and beneficial duties that had been implemented by the present Conservative administration and the previous Liberal government. The lack of major new initiatives in the budget did not, however, prevent wide criticism of Wilson's proposals. Opponents politicians and other critics accused the minister of shrinking the deficit at the expense of the middle class, while doing nothing to ease unemployment in the recession-hit Maritimes and Western Canada. Said Richard McAlary, president of the Association of Professional Economists of British Columbia: "There is not even a nod about unemployment. That is saddening."

Still, McAlary predicted that even with its lack of response to unemploy-

ment, Wilson's budget would be effective in international money markets by providing a favorable response to the Conservative government's budgetary restraint. If the minister can hold spending in the new fiscal year to his projected \$122.6 billion and collect his forecast \$99.2 billion in revenue, the deficit will fall to \$23.3 billion, down from \$32 billion in 1984-1987 and \$34.4 billion in 1985-1986. Two years ago the deficit accounted for 7.4 per cent of the country's gross domestic product, far higher than the comparable U.S. figure of 4.4 per cent. Wilson is predicting that the Canadian figure will fall to 4.4 per cent of the country's gross domestic product in the coming fiscal year.

Still, many businesses had wasted far deeper cuts in the deficit. Harned said that the deficit could have been reduced further if the government had shipped away at some social programs. Instead, Wilson started with his course of reducing the deficit by increasing taxes and other reve-

nues. Indeed, by the end of the new fiscal year, the amount of personal income tax collected by the federal government will have climbed to \$42.3 billion, compared with \$39.2 billion in 1984-1985.

As well, employers are being asked to bear the brunt of a new cost-sharing measure announced in the budget, said Eric Owen, manager of taxation and financial policy with the Canadian Manufacturers' Association. In a tax-collecting change that will bring the federal government an extra \$1.2 billion in the coming fiscal year, companies will be required to spend on extensions to the federal treasury of the income tax, unemployment insurance premiums and Canada Pension Plan contributions that they deduct from their employees. The federal government will now collect the funds twice a month instead of monthly. But Owen said that the action will not only load employers with extra paper work, but will deprive companies of a vital source of short-term cash.

Wilson also increased consumer taxes as part of his deficit-shrinking program, adding consumption taxes on gasoline and diesel fuel, more than three cents on a large pack of cigarettes and \$4 more on airline tickets. While tax increases in these areas have become a staple of government financing, Wilson also announced that beginning in July 1 the 18-per-cent federal sales tax—imposed on the manufacturer's selling price—will be extended to such snack foods as potato chips, nuts, Pop-Tops and ice cream bars. Predicted James Cuth, president of the Confectionery Manufacturers Association of Canada: "The tax will have a devastating effect on the confectionery industry."

The New Democratic Party calculated that the combined tax increases would add an average between \$5 and \$20 annually to the tax burden on Canadian families. Said New Leader Ed Broadbent: "They are even taxing Granola bars for kids." The new estimates that altogether the average Canadian family will pay \$2 per cent or \$1,500 more in taxes in 1985-1986 than it did before Wilson took charge of

federal finances in September, 1984. Critics in both Eastern and Western Canada, who have been demanding federal measures to assist struggling regional economies, also attacked the budget. Greg Kerr, finance minister in Nova Scotia's Conservative government, said that Wilson's fiscal plan seems to reflect the wealth and sustained growth of Ontario, but does virtually nothing to address the economic problems of the depressed areas of Canada. Said Kerr: "The initiatives the feds have been talking about are working in Central Canada, but we are in limbo." And in Vancouver,

Said Broadbent: "It's a lack of economic leadership and fairness precisely at a time when Canadians were looking for it."

Wilson countered that major initiatives in regional development could not wait until this year. He told reporters following his budget speech that across Canada there is a mistaken expectation that regional and group interests must be linked to annual federal budgets. "You have got to do this for this sector and this for that region and put it all in a budget statement." Instead, he said, the government is free to launch job-creation programs in the regions at any time.

But in last week's budget, Wilson did respond to pressure from special regional interests. Wilson agreed to removing some tariffs on imports that had been imposed last year in retaliation for punitive U.S. duties on Canadian wood products. The finance minister revealed a 10-per-cent duty on books, a 30-per-cent tariff on Christmas tree and other duties on tea bags and some computer parts imported into Canada from the United States. The surcharges were levied last May when the Reagan administration imposed a 30-per-cent penalty on Canadian cedar shingles and shingle imports. The Canadian tariffs were attacked by affected groups, including book retailers, publishers and Christmas-tree growers in Eastern Canada who expressed concern about U.S. retaliation against their annual exports of trees to the American market. The 30-per-cent levy remains, but Wilson said in his budget speech that he would reinstate the "duty-free entry for books, computer parts and Christmas trees."

Wilson also provided relief to the Canadian steel industry by revoking a 10½-year-old agreement that permitted reduced-tariff imports of special steel and carbon steel mill products from steel-producing countries. Now the full tariffs applied in these will be restored.

Overall, the Canadian dollar may be the big beneficiary of Wilson's budget, said Leo de Bever, chief economist of Toronto-based CIBC Life Insurance Co. "It is a stabilization move, he noted, had tried but failed to slash its deficit. But, said de Bever, "Michael Wilson promised to cut Canada's deficit—and he delivered." As a result, the Canadian dollar could hold firm or climb in value on foreign money markets. However, Bank of Canada to hold down or lower its central bank-selling interest rates. As a result, Wilson's boring budget may yet earn some praise.

—TON FENNEL with economist's reports

Wilson's War On The Deficit



economist McAlary, for one, noted that "the unemployment rate in Vancouver is 20 per cent, the highest of any city in North America. But there is not even an acknowledgment of it."

Despite continued recession in parts of Canada, 800 economists concluded that the federal government will spend \$33 billion less on regional development in 1987 than it did in 1984—the year that Prime Minister Brian Mulroney's Conservative government was elected. At the same time, Broadbent said, 80 per cent of economic growth in Canada over the past year has taken place in Ontario, while the economy of almost every other part of Canada declined

'Trying to pull it all together'

Last week's federal budget was largely a wilderness of promises and threats. Wilson's campaign for fiscal restraint. Following his budget speech, Wilson spoke about his present purpose and future goals with Maclean's Ottawa correspondent Madeline Devlin in his Parliament Hill office.

Maclean's: You held the line in this budget as far as spending goes. Are you anticipating as you approach the next election that you will be under a lot more pressure from your cabinet and caucus colleagues to loosen the purse strings?

Wilson: The pressures are always there on the finance minister. I think it is important that we maintain the fiscal discipline I said in this budget that because we are taking a breathing space it does not mean that we can take a holiday from fiscal responsibility. I forget the precise words, but we still have a high budget deficit. There is still an underlying financial problem that is not a political problem. We can say, 'Well, gee, politically we would just like to target about this thing called the deficit.' But financially, or economically, we cannot. It is there, and it has long-lasting negative effects on our economy if we do not deal with it.

Maclean's: Did the decision to leave out reform out of the budget make it easier or much more difficult?

Wilson: I guess it made it easier in the sense that we separated a major part of the budget. It left a budget that had less substance in it. The substance of any significant tax changes then had to be delayed to tax reform. This budget has to be viewed as a unit with tax reform.

Maclean's: Where does your department now stand on tax reform?

Wilson: We are fairly far down the track. We have been working on tax reform right from the time that we came into office. If you go back to the speech paper [Nov. 8, 1984] we have a section on tax reform indicating the direction in which we intend to proceed. In May, 1985, we had a paper on corporate tax reform. We had two other papers on tax—minimum tax and the corporate loss transfer proposal. There has been a continuing stream of work done through this period, so that what we are doing now is trying to pull it all together into a unified package that has the right balance. So yes, we are looking at timing—timing of implementation, timing of consultation and legislation, transition, and so on, economic impacts.

Maclean's: With tax reform being out of

the government's top priorities, do you feel that there is a lot of weight being put on your shoulders?

Wilson: It is not the key priority for the government. Trade is a very important priority of the government as well. But tax reform and trade are closely linked. There is no point in opening up markets if we do not have a competitive economy. And one of the key elements of a competitive economy is tax. If the tax system is not competitive, then opening up all the markets in the world will not

the government is handling the economy?

Wilson: I did not pay my attention to that. The reason why is that there are too many other influences that are flustering around there. The populace today is down on the government. So when you ask a question out of the blue in the Gallup poll, people are not going to think about what is behind that question. They are not going to say, 'Are they [the government] managing or are they not managing?' They will say, 'Ah, I don't like what I am hearing from them.'



Wilson: Delaying tax reform until later and concentrating on the deficit

result in us being able to attract those markets. So many of the things we have been doing are an attempt to make us more competitive as a country. That is how we are going to create jobs.

Maclean's: Do your cabinet and cabinet colleagues have as good a grip on that idea as you do?

Wilson: I think the person who is dealing with the problem every day obviously has a better understanding of the many aspects of that. But we have spent—I as a minister and as a government, and caucus—a lot of time discussing the nature of this and the importance of trying to blend the clear financial problem with the political elements of it. So yes, I think there is a good understanding.

Maclean's: How do the reaction to your budget affect you had anticipated?

Wilson: I don't think it's been that much different than what we had anticipated.

Maclean's: Did you see the Gallup poll in January as people's assessment of how

But you ask these same people, you sit them down in a room and say 'Look at what has happened. Look at what we have done in fiscal management. Look at what we have done in fulfilling the economic agenda—deregulation, privatization, encouraging investment, encouraging people to improve their training, and what we have done on research and development. And look at the economic performance.' Put all that in front of them, and you will not get that same result.

Maclean's: Do you think there is an apprehension out there for what you have done?

Wilson: When people want to take the time to think about it, there is no question that there is. Certainly I get that in speeches from people that I talk to. And that comes from a broad spectrum of Canadians, not just the business leaders. There are average Canadians who think about it and reflect on it. ☐

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Campeau's bidding for loans and investment with a potential for high risks.

Campeau's cash squeeze

It was not at the time as a strong financial coup. But increasingly, Wall Street analysts say that Canadian financier Robert Campeau's New Year's Eve takeover of Allied Stores Corp., the giant American department and specialty clothing retail chain, is seriously flawed. To help finance the \$4.6-billion deal, Campeau borrowed \$200 million against 35 per cent of Allied. And to meet his debt payments on the huge purchase he planned to sell some of Allied's parent subsidiaries with the aim of raising \$260 million by June 30, and a total of \$465 million by year-end. But some analysts say that Campeau will have trouble meeting such tight deadlines and, as a result, he may have to attract buyers quickly by peddling some of Allied's top assets. And New York's *Korn/Ferry International* retail analyst, Alan Hunt, "It is beyond me how Campeau plans to turn things around."

To reduce his costs, the brash and aggressive Campeau, who built Toronto-based Campeau Corp., financed the purchase through quickly to last changes in U.S. tax laws and save about \$300 million. But he had to acquire an estimated \$798 million in short-term bank debt to complete the transaction. In addition, he turned for help to Edward J. DeBartolo, the Youngstown, Ohio shop-

ping-mall developer. Campeau had overextended DeBartolo and Allied's top management to claim his victory. But when even more cash was needed in December he called on DeBartolo, who provided a \$300-million loan. In return, DeBartolo has an option to convert his loan into a 35-per-cent stake in Allied for an additional \$60 million. If DeBartolo does not exercise his option by year-end, the loan comes due, squeezing Campeau's position even tighter.

Further potential pressure on Campeau's deal, which relied on using Allied's assets as a lever to help meet the purchase price, was outlined last Friday in an Allied prospectus filed with the U.S. Securities and Exchange Commission in Washington. The prospectus presented potential investors with a proposal to raise \$1.1 billion in bond borrowings and additional funds through a preferred stock issue. The document said that Campeau planned to sell 16 Allied divisions to help pay for the cost of taking over Allied. Explained the prospectus: "Even if the company is able to meet such obligations, its highly leveraged capital structure may limit its ability to withstand adverse economic conditions." If the economy worsens, the prospectus notes that the company will have to

sell off other assets "on less than optimal terms."

When Campeau arranged the Allied purchase, he said that he planned to sell the 16 weak divisions, keeping only the firm's top-grossing performers, including the Ron, Jordan Marsh and Macys Brothers department stores and the Ann Taylor and Brooks Brothers specialty clothing stores. But some analysts say that bids have already been made for Allied's top assets and Campeau may not be able to hold out. Said Hunt: "Everyone in the market is aware of how desperate he is. They are waiting for the markdowns."

To ease the pressure on the Allied financing, Campeau wants to quickly raise his target of \$1.1 billion in bonds and another \$300 million in preferred shares. First Boston has a stake in the success of the public borrowing. The bank loaned Campeau a total of \$1.15 billion in November when the takeover struggle was at its peak.

Campeau's plans to raise cash by selling his high-risk bonds coincide with movements on Wall Street over such issues. Dennis B. Levine, a top executive with Drexel Burnham Lambert Inc., a leading New York junk-bond dealer, is awaiting sentencing after his conviction on four felony charges surrounding insider trading. And two weeks ago three investment dealers trading in the volatile market were arrested in New York, also on insider trading charges. As a result, Edward Hyman, an economist with C. J. Lawrence, a Wall Street investment firm, said that the junk-bond market is highly volatile and there might be a wide sell-off soon, just as Campeau enters the market.

Those predictions emerged less than two months after Campeau, the former builder and real-estate developer, had expressed his delight over his successful foray in New York. The Allied deal was his first major financial venture in the United States and his first takeover attempt since 1980, when he lost a bitter \$400-million battle for control of Toronto's flagship Royal Trustee Ltd. After arranging the Allied purchase, Campeau said that he registered his move toward the U.S. market years earlier. If he now is forced to devalue his Allied gains by selling off the Ron, Macys Bros. and other top performers in the retailing portfolio, it would be a severe blow to Campeau's ambition to expand his business activities into the high-stakes world of American corporate takeovers.

—TIM FENNEL with DAVID LINDORFF in New York

Aerospace Canada INTERNATIONAL

NOTHING NEW UNDER THE SUN

LOW LEVEL AIR DEFENCE

First place for Litton-Derlikon

cover story

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An International Team of Specialists

Canadian industry brings an established expertise to the Low Level Air Defence program

Some 90 specialist companies from Canada, Europe and the United States will take part in the Canadian Low Level Air Defence (LLAD) program. While European and American involvement dates back to the original development of the ADATS system, Canadian industry participation is the direct result of the Canadian government's decision to award the LLAD contract to Oerlikon-Bührle of Switzerland.

The industrial benefits Canada has obtained are outstanding, providing the best ever received for a major procurement program in terms of technology transfer to Canadian industry. Says David Henderson, general manager of the LLAD program, "Most important is winning a world product mandate for many of these technologies, which will provide exciting opportunities for Canadian industry in international markets. In addition, establishing this indigenous capability is a step in the right direction in strengthening this country's defence industrial base."

Oerlikon Aerospace Inc., a privately-held Canadian subsidiary of its Swiss parent, has assembled an impressive team of Canadian companies with established capabilities in various areas of aerospace activity. Canada as the first customer for the state-of-the-art ADATS system will share in the production of the systems for the Canadian Forces, as well as in its future orders for international customers.

The most visible sign of Oerlikon-Bührle's commitment to providing a role for Canadians is Oerlikon Aerospace's new production plant and administrative/engineering complex located on a 150-acre site in Saint-Jean-sur-Richelieu, Quebec. When production first full scale in 1988, the new facility will house approximately 400 employees, almost half of which will be engaged in high-advanced engineering work.

Says Werner Gasser, director of business development, "There are benefits for Canada as the first customer of the ADATS system. We have established in Canada the world's production line for ADATS. This represents a significant investment for Oerlikon Aerospace, one that would not be cost effective to install in the Canadian requirements alone. This is also the production line for the international market."

In addition to the Canadian program market opportunities will be pursued in



Turret assembly expertise: The O&B weapon system turret, built by G&E Electronics Ltd. of Montreal for the United States Air Force, uses technology similar to that required for the LLAD-turret equipment.

the United States and other NATO countries for the company's low level air defence systems. Oerlikon Aerospace and its Canadian team will support the bid by the U.S. Army requirement for a low level air defence system under the FAAD-LOB-94 program — Forward Area Air Defence Low of Sight (FAADS).

According to Gasser, the U.S. Army requirement could be in excess of 500 units. The U.S. program follows the cancellation of the Seigant York Divisional Air Defence Gun System.

TEAM PLAYERS

In 1984, Litton Systems Canada Limited, of Reading, Ontario, was designated Oerlikon's Canadian lead partner for the bidding phase. This early association provided Litton with a role in the Pathfinder program to produce the first Canadian

ADATS system. Litton's established capability in X-band radar designed for the airborne maritime surveillance role, has positioned the company to produce the LLAD radar for Oerlikon. This X-band search radar has evolved some technology transfer from Oerlikon's defense, the system's original designer.

More importantly, Litton will build an \$15-million facility in Halifax, Nova Scotia



Transfer of technical knowledge: An Oerlikon instructor demonstrates the program used in the LLAD program to a Canadian engineer.

with some 400 employees producing the ADATS radar system, as well as the company's own maritime surveillance systems.

The third arm of Litton involvement is the design and production of the command, control and communications (C3) system.

Says Sid Bell, Litton's LLAD program manager, "Litton is involved in production on the international sales base, as the level of investment is too high for the Canadian program alone." Assigned some of 300 units, provides the backbone for the maintenance rely on the Canadian investment. It is a very conservative figure in light of Oerlikon's own estimate of a world market for more than 1,200 units.

NEW EXPERTISE

During January 1987, the Defence Science Division of Spar Aerospace Ltd. successfully completed the first major milestone in its contract with Oerlikon Aerospace to provide Forward Looking Infrared (FLIR) systems for ADATS. When Spar commences fabrication and test of the first batch of 42 systems for the Canadian Forces LLAD program it will be establishing the first FLIR production capability in Canada.

The FLIR is the principal sensor in the ADATS electro-optical module and enables the system to detect and track targets at night and in poor visibility. It does this by detecting the heat emitted by the target, rather than relying on reflected

light as a normal television camera would do.

Substantial plant improvements are being undertaken at Spar's Kanata, Ontario facility to support the manufacture of electro-optical production and test equipment. These full scale production facilities will be used to support not only the LLAD program, but also future international sales by Oerlikon and the U.S. requirements should ADATS be selected for the U.S. Army program.

Although the ADATS FLIR was originally developed by Martin Marietta, the winning of the production program and establishment of design authority has enhanced Spar's domestic and international credibility as a developer and supplier of other thermal imaging systems. This has resulted in considerable interest in a variety of FLIR systems developed by the company for domestic and international customers.

Such systems are currently undergoing light trials on a Canadian Forces CP-140 Aurora maritime patrol aircraft, and a second system is scheduled to commence field testing in March in support of the U.S. Army's Predator Mounted Sensor program.

Oerlikon Corporation of Toronto has responsibility for producing the data link platform for the ADATS electro-optical systems. This sophisticated servomechanism, which represents new technology for the company, has applications in both the international and defence markets as part of such systems as movable antennas used to track satellites.

With a world product mandate for the technology, Oerlikon regards the Canadian involvement as "only the start of the program for the world market," according to this company's vice-president of operations, Jim Reimer.

In fact, the company's initial investment of \$5.5 million to acquire the existing technology and which does not include new facility construction or equipment, almost matches the company's contract award estimated at \$5 to \$6 million for 42 units.

Says Reimer, "The decision by the government to buy ADATS has enabled Canadian industry to get in on the ground floor. Although there is some technical risk, it is a risk worth taking as this work will improve our competitive position in world markets. Oerlikon has been very successful in marketing to NATO countries."

REGIONAL BENEFITS

The LLAD production team in Western Canada's General Systems Research Corp. of Burnaby, Alberta and Spar Aerospace of Winnipeg, Manitoba G&E Electronics of Montreal, Quebec, are working in close cooperation in the process of establishing a new name in the market place, having been a division of North-west Industries until two years ago.

It will be responsible for the precision machining of power supply components and assembly of the units used for the ADATS laser guidance system. In addition, G&E will machine several parts for the ADATS turret.

Says Don Lawford, vice-president of corporate development, "Most of this is new work for the company, involving some technology transfer. We have had an underlying capacity to build the LLAD, but we have been motivated by how the Oerlikon people interested in the regional venture."

Bringing G&E on as a team member also creates a Canadian government objective of providing industrial benefits to various regions of the country. Says Lawford, "We have become motivated by how the Oerlikon people interested in the regional venture."

TES Limited of Ottawa is an electro-mechanical engineering company that has contributed to the production of large support vehicles for the Canadian Armed Forces. For the LLAD program, TES will supply 25 special support vehicles to be installed on the Bombardier 2.5-ton vehicles, providing logistic support to the ADATS batteries. This work will involve 80 man-months of work by some 25 people.

TES is working in an area where it has experience. Says Doug Allen, director of corporate development, "Oerlikon has not tried to reinvent the wheel. It is using established companies and allowing them to meet a particular requirement."

Trapping existing Canadian expertise also best describes the involvement of CAE Electronics, a world leader in the design, development and production of flight simulators and training equipment. CAE is contributing approximately \$10 million, CAE will provide one Crew Station Trainer, one Mobile Crew Station Trainer, and as Tactical Unit Trainers.

"We are bringing our technology and expertise to the table," says Robert Kennedy, CAE's vice-president of operations. "What we are getting in return is a new application."

Currently, CAE Electronics is under contract to deliver a C-16 weapon system to the United States Air Force. In addition, CAE will be used to help plan the concepts of future U.S. Army light attack/attack helicopters called the Crew Station Research and Development Facility, will be delivered to the NASA Ames research centre in California.

The Oerlikon contract will further enhance CAE's tactical simulation capability, positioning the company to supply equipment for such applications as radar simulation in future fighter programs. Says Kennedy, "We are interested in the potential of LLAD and as a multiplier effect."

This objective also applies to other Canadian companies expanding their expertise through the LLAD program.

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BUSINESS WATCH

Warning signs of the crash of '88



By Peter C. Newman

It would have been a surprise if the members of Canada's business world had greeted Michael Wilson's budget with more than a yawn, even if there had been something in it. They're all too busy chasing their megaprofits from the stock market.

With market indices on a strong upswing for most of the past four years, a few of the more thoughtful pragmatists have begun to wonder what is really behind the surge in stock prices and how long it can last. It's certainly not the state of the Canadian economy, which (outside Toronto) isn't much better than Beirut's. Nor is the market playing its traditional role as an economic barometer, signaling the start of an unprecedented period of prosperity six months down the road. On the contrary, the one prediction all the experts endorse is that harder times are coming—probably by 1988.

The real reason for the dramatic upswing is that the stock market is acting precisely the way it should, as a reflex of the forces of demand and supply. There is too much cash chasing too few blue-chip shares, and so their prices keep rising. We have what the experts call a classic situation of too much liquidity in the system.

The money is coming in from everywhere. Manufacturing companies with unused capacity, unwilling to spend any more on capital improvements, are investing their cash flows in equities and debentures. In the United States the new, lower tax levels are diverting savings into market plays. Paradoxically, the huge American trade deficit has also provided strong support for U.S. stock exchanges—and thus for Canada's—because Japanese and German investors are themselves buying shares in American companies, even while criticizing their managerial incompetence and wasteful manufacturing techniques.

It all stems from the fact that the world outside the United States is awash in U.S. dollars—two trillion or more—and is growing by more than \$100 billion annually. The money, the accumulation of imbalanced transactions between the United States and the rest of the world, is sitting in the pockets of the Japanese, Germans, Brazilians, South Koreans and others.

These floating U.S. dollars are good mainly for buying U.S. goods and ser-

vices—for which foreign demand is weak—or such American assets as real estate and control of companies, which everybody wants, although there are not enough of these assets available at reasonable prices to go around.

So the next best move is for cash-rich foreign customers to buy securities. And billions of U.S. dollars are going straight into the stock markets, Canada's as well as American. Some of it is also flowing into bonds,



substantial amounts the Americans are sending to the world run something like this. "We provide protection for all of you—with troops, planes and ships stationed on the edges of the free world, reducing your cost of providing this expensive and controversial equipment—so instead of you paying for it yourselves, you should buy our stock and other financial instruments." That line seems to make sense to a lot of nations, mainly Japan and Germany, and it may have something to do with Reagan's reluctance to enter into any realistic disarmament talks with Soviet counterpart Mikhail Gorbachev.

Another reason that non-Americans are willing to deal in U.S. currency is that the United States is still the largest consumer market in the world. Selling within that market adds to the outside flow of U.S. dollars. The fairly healthy American economic situation is also reinforced by low interest rates, reduced inflation and depressed oil prices.

But the current order of things can't last. For one thing, Gorbachev is getting his propaganda message through that things really have changed and that the free world may not have to pay for protection much longer because the Soviet Union is not really a threat.

The other, more valid reason to doubt that the stock market boom can go on much longer is the mounting wave of U.S. protectionism, which was strengthened by last week's presidential proposals to amend American trade laws. International investors and their governments are beginning to think that if the Americans are dumping entry into their markets to sell goods, then foreign investors should not be buying American stocks. Protectionism will ultimately devalue the American dollar.

In terms of the Canadian situation, a drastic devaluation of the U.S. dollar (which would almost certainly drag some down, too) would probably help us, because each other trading partners as the countries of Europe and the Pacific Rim would better be able to afford our exports.

But a major U.S. devaluation should trigger an economic recession that will roughly coincide with the winding down of Reagan's term and the presidential election in the fall of 1988. The stock market, having gone wild and with the greatest sell-off since 1929.

Have a nice day

Warning signs of the crash of '88

Warning signs of the crash of '88

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COVER

ROCK GOES GOLD

The Voyager II spacecraft now making its three-billion-mile journey to Neptune contains some of humanity's best-loved sounds: a gold record sampling of J.S. Bach, a baby's cry—and Johnny B. Goode, Chuck Berry's rock 'n' roll classic. Once outlawed from mainstream American society, Berry and other rock 'n' roll pioneers are beginning to enjoy the sort of respect once reserved for astronauts. During a recent gala at New York's Waldorf-Astoria Hotel, 1,200 adults, many of them gray-haired, greeted Berry, 68, with a standing ovation. The occasion: a dinner to induct 15 legends of the 1960s and 1970s into the Rock and Roll Hall of Fame.

A score of past and present rockers paid tribute to this year's honorees, in-

cluding Bruce Wilson, 44, of The Beach Boys, who remembers breaking into a "cold sweat" in 1965 when he first heard The Drifters sing *On Broadway*. And Bruce Springsteen, 37, recalled teenage nights in his bedroom, the darkness illuminated only by the lights of his stereo, listening to the songs of Ray Charles. Said Springsteen: "He made a little town in New Jersey feel as big as the sound of his records."

Rebelle sans peur As rock music rolls into middle age, it is experiencing a revival that spans the generations. Contemporary stars are paying homage to their soundalike forebears: Teenagers who first shined in the sounds of Chuck Berry and Elvis Presley are now parents sharing that music with their children. And rock fans of all ages are turning

Tanner: The Aid concert jugged a rollicking age with rock fans and history buffs

into history buffs as the once rebellious music legitimates its roots. Established last year, the Hall of Fame's first honor roll included Berry, Presley and James Brown. This year's list added the first woman, 44-year-old Aretha Franklin—like Brown, a nominee at this week's 80th Grammy Awards celebration. Next year the pathfinder is expected to include The Beatles, Bob Dylan and Tina Turner.

And the resurgence interest in rock's roots is spilling into other areas: books and film documentaries chronicling rock's golden era, movies and miniseries whose musical scores feature 50-year-old hits and new releases of re-recorded classics. As the December, 1996, issue of *Rolling Stone* magazine de-

clared, "The hottest trend in the American record industry this season is rock history."

Born nearly 40 years ago, deep in the American south, rock is the offspring of a mixed marriage: black blues and white country music. It was a coupling that shook the world. Now rock plays a role in everything from political campaigns to attempts to solve world hunger. And joining the establishment, it once threatened to overturn it. Rock has become an industry now worth an estimated \$6.2 billion annually in North America alone. The music, in turn, has created a multitude of spin-off industries in film, video and publishing. In fact, rock has created an entire culture, influencing the way people talk,

dance and dress, whether they live in Moscow, Tokyo or Montreal. Said Derrick de Kerkhove, co-director of Toronto's Multichannel Program in Culture and Technology: "In the 20th century, rock has harmonized with the rhythms of industrial man."

Swelling: Rock in the 1960s, while parents often worried about the effect that rock's usually explicit lyrics and strung black flavor would have on their teenagers. They reassured themselves that the music was just a passing fad. And as the decade ended, it briefly appeared that rock had burnt itself out.

But in 1967 a young Liverpool teenager named Paul McCartney auditioned for a neighborhood group named The Quarry Men, darning hand member John Lennon with his full-

blown imitation of black American rocker Little Richard. Seven years later, infused with British swashbucklers, the music ricocheted back to North America. When Beatlemania passed, and the echoes of protest, folk and drug rock had faded, detractors once again predicted that rock's force was spent. But now the music is once again loud and stoic—in large part thanks to its original host. When Toronto rocker Paul Jones (page 85) queries the old refrain, "Rock and roll is here to stay," it is no longer a defiant boast of rebellion; just a mature recognition of the facts.

The renaissance of rock coincides with the rising career of Springsteen, the biggest selling pop star of the decade. And his roots-oriented music has helped point public attention to rock's

pieces, many of whom received little money or respect in their prime (page 34). Now the career comebacks of Franklin, Brown and other legends are giving veteran artists renewed confidence. Soul King Richard, 54, who has just released a vigorous new album, *Lifetime Friend*, "Aintha, James and myself are survivors, proof that good things can live on. We're still going strong and still looking good."

Reunited But perhaps the biggest comeback has been Turner's. Since her 1984 album *Private Dancer*, which spawned four hit singles and sold more than 10 million copies worldwide, Turner, 47, has enjoyed a burgeoning career. *Confessions*, the 1995 *Mad Max Beyond Thunderdome*—and a reputation for more sizzling sexuality than western half her age. Last fall Turner released another album, *Simply Deep*, and an autobiography, *I, Tina*, which chronicled her troubled marriage to hard leader and musical partner Ike Turner. Now, the grandmother from Nat Black, Tenn., shares her spotlight with white superstars from Paul McCartney and Mick Jagger to David Bowie and Canadian Bryan Adams in many ways.

Hollywood's cinematic hit parade also reflects the renewed spirit of rock. *The Big Chill* (1987), one of the first films to strike the chord of rock nostalgia, chronologized the adult attention of baby boomers to the carefree sounds of 1960s Motown. And its sound-track albums sold four million copies. In *Back to the Future* (1989) and *Peggy Sue Got Married* (1986), the protagonists jettied baggage back in time to the golden era of rock 'n' roll. Last year's *Shout* by 26—while featured Ben E. King's 1961 hit as its title track—revived the song and catapulted King back into the Top 10 for the first time in 25 years. And one other 2005 film, *Ferris Bueller's Day Off* and *Back to School*, introduced The Beatles' 1963 hit *Twist and Shout* to a new generation and put it back on the charts after a 23-year absence.

Nostalgia With seemingly endless blasts from the past on airwaves, listeners themselves may feel caught in a time warp. Aiming to reach a more affluent share of the urban market, radio stations across North America are switching back to 40 to 50% to baby-boomer classics. At times, the voices of legends like Elvin threaten to drown out those of living artists. Vancouver's own radio trade is the latest example. In 1993, followed the next year by its sister stations in Halifax, Montreal, Ottawa and Toronto. Now, according to David Farwell, editor of *The Record*, a Canadian music industry top sheet, 15 per cent of all radio stations in Canada



Berry Adams (below): legends avoid a rock revival that spans five generations.

are devoted to nostalgia programming. Reid Bernstein's CRM program director Terry Williams "Our format change wasn't so much a return to the past as an acknowledgment of it. People who grew up with these songs never really let them behind."

When television advertisers hear the bits of yesterday, they also hear the jungle of cash registers increasingly,

TV sponsors are using a mix of nostalgic imagery and music to win the same baby-boom market sought by radio. North American sponsors as diverse as Molson's Brewery, Canada Ltd., Chrysler Corp. and Levi Strauss & Co. now feature slick new commercials set to well-known 1960s pop songs. Discussing the success of such campaigns in terms simply borrowed from record industry jargon, Molson's senior brand manager Sam O'Brien said, "All the song conveys a positive image associated with our product, thus the commercial is a hit."

Reacts In some cases, commercials even re-create hits. According to a spokesman for Capitol Records, Woodie's use of The Beatles' 1964 song *A Hard Day's Night* in one advertisement helped generate a recent 30,000-copy surge in the record's sales. But corporate raids on memory lane have not pleased everyone. Such commercial campaigns irritate, when songs they privately cherish turn up as commercials—verging, personal memories into hard-on collars with product images. In a recent letter to the editor of Toronto's weekly newspaper *Now*, journalist Elton Fantone suggested a ban-

on the Hall of Fame, he says, rock will be taken more seriously as an art form. At the institution's founding dinner, Ericpaul said "Rock 'n' roll is still looked down on by many 'serious' people because it appeals to the masses. But rock is an outgrowth of American musical traditions, especially black traditions of gospel music and jazz, and when the record industry was built."

Hall of Fame Ericpaul has good reason to nurture the nostalgia trend. Atlantic Records, of which he is still chairman, leads the way in reissuing the work of rock 'n' roll's pioneers. In 1985 Atlantic reissued the 1957-1971, an ambitious 14-record set that re-

leased some of rock's biggest stars gathered in his home town, St. Louis, Mo. It was a tribute to a royal suite two nights featuring guitarists Eric Clapton, Rodney Dangerfield, Keith Richards and other musicians playing before an audience of about 4,000 each night. Berry, who still plays as many as 100 concerts a year, also performed. The guitar work remained as clear as a bell and he even treated his fans to a sample of his famous duck walk around the stage. Meanwhile, the cameras turned on Hollywood director Taylor Hackford (*White Nights*) captured the event in film to complete his cinematic portrait. Berry called it *Rock Solid* 'N' Roll. Use for theatrical release this summer.

More than any other early rock 'n' roller, Berry's music captures the exuberance of youth. Many of his songs evoke freewheeling images of driving down a highway with no particular place to go. Said Hackford, 48: "I grew up listening to Chuck Berry songs on the radio. It was music to drive by and live by—and it still works well."

Reunited But the many of rock's founders, Berry's talents were banded at first by the racial color line. In the 1950s the white-controlled record industry termed records by black artists "race music." When recorded, it was segregated and rarely played on radio. Sam Phillips, a Memphis record producer once said, "If I could find a white man who had the Negro sound and the Negro feel, I could make a billion dollars." When he discovered a poor southern white boy named Elvis Presley in 1953, Phillips struck pay dirt. Phillips' recording of *That's All Right*, a black rhythm-and-blues song, tapped the charts. But Phillips then wrote himself out of musical history, selling the singer's recording contract to RCA for \$35,000. And when he wrote a biopic, a biopic, drug-addled wreck, Presley—still called the King of Rock 'n' Roll—left an estate worth an estimated \$11 million.

After Presley, other white artists were quick to adopt the raucous rhythms of black music. In the late 1960s Pat Boone scored hits with his cover-acted versions of Little Richard's *Turn! Turn! Turn!* and *Long Tall Sally*. But by then Elvis had put his own irrefutable stamp on the music. A cross between country and western and rhythm and blues, Presley's style spawned imitators as much as it thrilled them.

While blacks like Chuck Berry are remembered among rock's founding fathers, Presley will always be associated with the 1950s. He is the son of a truck driver and sewing-



Orbison, Springfield, Presley (below): waxing nostalgic and paying homage.

Our Love Got And *Rolling Stone* itself has just published *Rock of Ages*, an encyclopedic and often lively survey of three decades of music.

Reacts Clearly, the fascination with rock's past reflects a generation's attempt to legitimize the culture of its youth. Says *Rolling Stone* publisher

Jann Wenner: "Since the past constantly informs the present, preservation of the rock legacy ought to be a priority." Indeed, when the Hall of Fame officially opens next year in Cleveland, under the chairmanship of Ahmet Ertegun, rock history will become enshrined in a museum like the institution the son of a Turkish diplomat, Ericpaul, 55, founded Atlantic Records and became a rock and roll star. With major promotions. With

called for \$50, was released. It featured performers ranging from such little-known trailblazers as Big Joe Turner, Professor Longhair and Ruth Brown to Ray Charles, The Coasters and Otis Redding. Despite its price, the launch set has sold 12,000 copies to date. New other companies are rumormongering through their vaults to dust off old master recordings and release vintage songs. This year RCA Records will release some original albums from the old Chicago-based Chess Records catalogue, including those by such seminal figures as Bo Diddley, Muddy Waters and Howlin' Wolf.

Last fall another member of that generation, Chuck Berry—the man who still signs a contract with the same major promoters. With

Little Station—turned



machine operator from Tupelo, Miss., had achieved an international popularity in his fellow rockers could only envy. His records have sold more than one billion, songs—though to credit the globe twice. And Granddaddy, his mansion in Memphis, remains one of the largest tourist attractions in the American South, with more than 300,000 visitors annually.

Once the reign of youth and rebellion, rock has clearly come of age. In 1986 the British group The Who, known for their angry anthems—a song called *My Generation* proclaimed, "Huge I am before I get old." One of its members, Keith Moon, died—of a drug overdose. But in 1986 The Who's surviving members, now in their 40s, joined Tina Turner, Nicki Jagare and a gathering of rock's royalty to take part in Live Aid, the benefit for African famine relief that attracted an estimated 15 billion television viewers. Demonstrating rock's adult sense of responsibility, they helped raise \$8 million for the cause—and also helped create the music's first knighthood. Last year Queen Elizabeth II made rocker and Live Aid organizer Bob Geldof a Knight Commander of the British Empire.

Reverend: Despite its mainstream acceptance, rock has never completely lost its power to offend—particularly religious fundamentalists who view it as evil and amoral. In God's Choice: The Total World of a Fundamentalist Christian School, University of Illinois professor of education Alan Peshkin reports that devoutly listening to rock is the single way for some strict Christian teenagers to express rebellion. That fuels their parents' hatred for the music. Said Peshkin: "They feel that any music that sets teen raging and keeps moving will get the soul going in the wrong direction."

While segments of U.S. society still resist rock, its global influence grows. Now, even Soviet authoritarian—who traditionally viewed rock as a deviant Western phenomenon—is giving it the Kremlin's stamp of approval. Moscow, the state-owned record label, recently released two early Beatles albums. When they went on sale in Moscow last autumn, they sold out within days. The state now supports a growing number of indigenous bands with Western-sounding names. Among

them the rock group Anisimov, which appeared last month at Radio-Vostok 87 in Quebec City. Kirov (Danzon), Korgorik (Zook), and Solovtsov (Tolstosolov), who perform a song that includes the provocative line, "They keep an eye on us from childhood."



The Beatles in 1964, Japan as a rocker, global fame, a common cause

But it remains unclear whether Soviet leader Mikhail Gorbachev's campaign for glasnost—openness—will apply more generally. Said Arpan Toulmazy, a Moscow concert organizer: "If cultural officials are sincere, they should demand critical, sharp songs." Visits by Western rock groups are still

fraught with culture clash. When British reggae-rock band UB40 toured the Soviet Union last fall, its members were shocked to see volunteer police escort members of the audience from dancing in the aisles. Daily after strong protests from the group were fans officially permitted to boogie. New 1980 is planning another Soviet tour—this time with other British bands.

Having longed rural barriers, it is not surprising that rock has been able to cross political boundaries—and the generation gap. Rock veterans John Fogerty told *Musician's* that when he met Paul Simon last year, he was surprised to find that Simon was once again enjoying music recorded by Fogerty's 1960s band, Creedence Clearwater Revival. Simon explained that his teenage son, Warner, had just discovered these songs. Said Fogerty: "I thought

that was kind of cool, that two generations are still discovering the stuff." Larry Cerna, a 37-year-old Toronto social-science researcher, recently bought his 11-year-old son, Joshua, The Beatles' Sgt. Pepper album for Christmas. Said Cerna: "It was always a favorite of mine, although I'd never owned it. Now it's the record he puts on most frequently." says his son, Bryan Adams. He added, "In fact, he plays it too much."

Cooler: The best goes on, as a new generation discovers rock's roots. At the Hall of Fame dinner, the musical grants being honored gathered on stage to perform in an all-star jam session. In Diddley led the group in his best-known signature tune, *Hey Bo Diddley*, while country star Carl Perkins sang everyone stepping smartly to his rockabilly classic *Blue Suede Shoes*. And when Chuck Berry led the celebrity lineup through a rollicking rendition of one of his most popular compositions, the lyrics he sang had the resonance of a fulfilled prophecy: "Roll over Beethoven and tell Tchaikovsky the news." Fans of early self-awareness, those brain waves boasted that the music would never stop. It never has. All grown up, with Beethoven and Tchaikovsky at its own, rock keeps rolling on.

—NICHOLAS JENNINGS and CATHERINE REICHERT in Moscow and LITHA ABERNETHY and PAMELA SOOING in Toronto



THE ROCK REVIVALISTS

His black shirt soaked with sweat, his silhouette cut to a razor-sharp point, he looks like a rocker resuscitated from the 1960s. Indeed, Paul James is a contemporary musician riding one of the music scene's biggest waves: the revival of classic rock 'n' roll. Breaking into a frenzied rendition of Chuck Berry's

Nadine on the cramped stage of a Toronto nightclub, James suddenly plunged through the cigarette haze into the audience. Moving between tables, he swung his wireless electric guitar behind his head, delivered a screeching solo, fished a coy smile at the girls, then headed back on-stage for the song's final verse. Suddenly a triumphant voice in the audience called out the rallying cry for James's music: "Rock 'n' Roll!"

Great music! In clubs and bars across Canada, classic rock is back. And James, who is in his mid-30s, is one of a growing number of Canadian musicians who returned to rock's roots to recharge their souls. Others include Kid Cadillacs and Raddy and the Squares in Halifax and Montreal's rekickability outfit Big Obedience and the Lost Gnomes Band. Besides Diamond, a Nova Scotia concert promoter and band manager "People are rekindling. My God, that was great music! Why haven't we listened to it for so long?" Added Colin James (no relation to Paul), a young Vancouver rocker: "People are still searching for songs written 30 years ago. Rock 'n' roll will never die."

For the past two decades, variations on rock—from folk-rock to disco to punk—have threatened to knock basic three-chord rock off the musical map. But loyalists clung to the orthodox style and worked hard to spread rock's gospel. In Toronto, Canada's strongest live music scene, Paul James is at the vanguard of the rock revival.

"James is the real thing," said Toronto music critic Peter Goddard, "a real rock 'n' roller. As long as James is there, the whole act is true." Like rock's founding fathers, black blues and white country musicians of the American South, roots-oriented rockers build their following not from recordings but from live performances.

James, 36, began to play old records and learned to play the classics. After graduating from high school, he and his new band, Lick 'n' Stick, found work in the old Toronto Tavern on Toronto's Yonge Street strip. Between sets, James would race to the nearby Cop 170s and Calumet nightclubs to see his American rhythm-and-blues idols. By the time he was 19, James was playing backup guitar for the legendary Bo Diddley whenever he came to town. "It was a pleasurable thrill," said James. "I watched Bo's every move."

His commitment to rock's classic sound, however, had its price. He lost a recording deal with Uni Records in 1977 because he rejected the company's orders to switch to disco. But he also lost respect: "I was called a nerd," he said. November, when

James, for one, has released only one full-length album on his own independent label. But last year he spent almost 300 nights onstage, half of those performing on the cross-Canada live circuit, the rest in the clubs of Toronto, his home town.

Replay: The son of an Italian tailor, Paul James' father entered his career during rock's zenith in the mid-1960s. Although he had taught himself to play the guitar, he wanted to be a backup player. But when he discovered the Beatles and the Rolling Stones—and the fact that girls were more attracted to rock stars than jocks—he energies shifted to music. In 1965 James formed his first band with some friends and

performed tunes by the Beatles, the Everly Brothers and Elvis Presley. Then the cause of his Rolling Stones' love James took to explore the roots of rock. "In the early 60s, the Stones were doing mostly stuff by Muddy Waters, Howlin' Wolf and Chuck Berry," said James. "And I wondered, 'What are these people?'"

James promptly abandoned Top 40 hits, began to buy old records and learned to play the classics.

Heir: After graduating from high school, he and his new band, Lick 'n' Stick, found work in the old Toronto Tavern on Toronto's Yonge Street strip. Between sets, James would race to the nearby Cop 170s and Calumet nightclubs to see his American rhythm-and-blues idols. By the time he was 19, James was playing backup guitar for the legendary Bo Diddley whenever he came to town. "It was a pleasurable thrill," said James. "I watched Bo's every move."

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Bob Dylan was in Toronto to shoot a movie, he went to see James play. Not wanting to take the spotlight away from James, Dylana asked to be introduced only as a "bit-player from Vancouver" before joining him onstage. Over the years, James has performed with Mississippi blues guitarist Lightnin' Hopkins, and he still accompanies Diddley during his Toronto appearances. Said Diddley: "Paul James is a great musician. He's a great tribute to rock 'n' roll." Indeed, the Toronto man who has earned his living for 30 years paying respect to rock's legends is now winning them.

—CELINA BELL in Toronto



Paul James: clinging to musical roots and performing with the legends



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The cloud over baseball's new season

National League batting champion Tim Lincecum and veteran slugger Andre Dawson are not with the Montreal Expos. Vice President, Phil Nease, is still in the process of negotiating with the Detroit Tigers, pitcher Jack Gaudry with the New York Yankees or third baseman Bob Horner with the Atlanta Braves. Indeed, as the 98 major-league baseball season opens, their presence training camps this week—eight clubs in Arizona, the others in Florida—the focus is not on the players at the camps, but on the ones who are absent. Said Expos third baseman Tim Lincecum, thinking of his missing teammates: "This is the first time in my career that I haven't looked forward to spring training."

For the Toronto Blue Jays and the New York Yankees, baseball's annual rites of spring seem more promising. Following last season's negotiations last week, the Blue Jays signed star outfielders Jesse Barfield and George Bell. Each earned \$650,000 (U.S.) in 1993. That year both will become millionaires. And Yankees first baseman Don Mattingly emerged from his arbitration hearing with a 1993 contract worth \$1.975 million—the highest salary ever awarded by an arbitrator.

The status of flames and his fellow free agents remains unclear. None has yet received a letter offer than the one they already rejected from their former clubs. The Philadelphia Phillies broke off negotiations with Parrish last week when they were unable to get a guarantee that Parrish would not sue the team and major-league baseball. It is Parrish's contention, shared by the Major League Players' Association, that the owners are unlawfully restricting the movement of free agents. Said Tom Rosen, agent for Parrish and Raines: "Labor and management are at war like no time before."

Raines' winter of discontent, and troubled spring are the result of what the team owners call "fiscal responsibility" and the players call "unfairness." In December, 1992, arbitrator Peter Seitz declared that pitchers Dave McNally of the Baltimore Orioles and Andy Messersmith of the Los Angeles Dodgers were free agents, no longer bound to their teams. Until then, baseball's reserve clause had bound players to teams for their entire careers. Seitz's decision ruling abolished the reserve clause and freed players with six years experience from their clubs—or 10 years in the majors—to all their ser-

vices to the highest bidder. And they did. The average player's salary in 1975 was \$44,000. Last year it was \$455,539.

But in 1993 the owners stopped adding Detroit all-star free agent Kirk Gibson did not receive a single offer from another team, and the outfielder reluctantly re-signed with the Tigers. This year the vaunted pitcher of the decade, Jack Morris, was awarded no offers better than Detroit's and re-signed with the Tigers. Raines, Dawson, Parrish, Gaudry and Horner chose not to re-sign. Instead, they have tested the market and at week's end remained unemployed.

The players' association filed a grievance last year, charging that the owners were acting in collusion, in contravention of their collective bargaining agreement with the owners. A clause in the agreement stipulates, "Players shall not act in concert with other players, and clubs shall not act in concert with other clubs." The owners deny the charge, saying they were independently trying to restore fiscal sanity to restore Thomas Roberts is expected to rule on the case in June. If he decides that the owners are guilty of collusion, the case will likely advance to the U.S. federal court and could jeopardize baseball's exemption from U.S. antitrust laws. At week's end, the association and several other grievance arbitrators in the action players who chose salary arbitration.

The off-season hostilities were exacerbated by salary arbitration. Until 1987 players with two years' experience in the majors had been able to take contract disputes to arbitrators. Each side submitted a salary figure and the arbitrator chose one. Pitcher Dick Woodson was the first case in 1983. The arbitrator chose his proposal of \$30,000 over the Minnesota Twins' \$20,000 offer. Last week's award to Mattingly demonstrated how rapidly salaries have escalated. Arbitrator Ar-

vid Anderson decided that Mattingly—who won the Gold Glove as the American League's best first baseman and hit .295 with 21 home runs—will receive \$1.975 million, not the \$1.7 million offered by the Yankees.

Although Mattingly's is the highest salary awarded by an arbitrator, he is only the fifth-highest-paid player. He



Mattingly: record arbitration award

will trail members of the \$2 million club—Philadelphia Phillies Mike Schmidt (\$2,121,131), Boston Red Sox Jim Rice (\$2,100,100), Kansas City Royal George Brett (\$2,100,000) and Baltimore Orioles Eddie Murray (\$2,044,757). Just four days before Mattingly's award, Morris had established a new ceiling when he was his case with Detroit. The right-handed starter will earn \$1.85 million.

In Toronto, eleven-hour agreements narrowly avoided arbitration hearings for Barfield and Bell which would most likely have favored the players. Barfield asked for \$1.38 mil-

lion, and Bell \$1.225 million. The team's counteroffers were for \$1.125 million and \$1 million respectively. From the one-year contracts, right fielder Barfield will earn \$2,383,500 and left fielder Bell \$1,750,000. Still, team officials voiced disappointment with the agreements—but not because of the money involved. Toronto executive vice-president Pat Gillick said the team had wanted to sign the players to longer-term contracts. Said Gillick: "Toward the latter part of the negotiations we started talking 'one year.' But we will keep talking." Next year Bell will again be eligible for arbitration.

just don't have the dough. We are projecting to lose \$3 million again this season, and that's doing any way what we had to do—sign Barfield, Bell and Eric Wright." Catcher Wright became a free agent but signed a three-year contract with the Jays last month. With bonuses, it could be worth as much as \$3.8 million (U.S.), said Wright. "I could see problems coming for free agents I hate to see the word 'voluntarily,' but I think everyone realizes what's going on. But I also realized that salaries were getting a little out of hand."

The free-agent dispute has hit the Expos hardest. As training camp opens,

not afford the 33-year-old slugger.

The Expos face the additional problem of higher provincial taxation than Ontario's Blue Jays. And the combination of federal and Quebec taxes exceeds the federal and state taxes paid by players on the 34 U.S.-based teams. "We have begun discussions with the federal government. We believe ball players should be taxed the way other entertainers are—at about 15 percent. Right now, our guys are taxed up to 40 percent. We have tried to compensate by paying higher salaries than most clubs. But that cannot go on forever."



Raines (left) and Barfield: what the owners call "fiscal responsibility," the players' union calls "collusion"

tion and Barfield for free agency.

The two Canadian teams are in a quagmire and unenviable situation. The Jays and Expos earn Canadian dollars and pay players' salaries in U.S. dollars. Last season, despite paid attendance of almost 3.5 million, the Jays lost \$3.5 million (Cdn.). The loss was almost entirely due to the exchange rate between the two currencies. The Expos, with attendance dwindling to just over one million last season, lost approximately \$2 million (Cdn.).

Explaining why the Jays did not attempt to sign free-agent stars like Raines or Parrish, Gillick said: "We

they are without Raines and Dawson and, under the terms of the collective agreement, cannot negotiate with the players until May 1. By then the team will have played 29 games. Said Expos vice-president Bill Stecman: "We have not withdrawn the offers we made to them, and we will believe the offers are fair, generous and equitable." Raines rejected a \$4.8-million contract for three years, and Dawson \$2 million over two years. Chicago Cubs pitcher Rick Sutcliffe recently agreed to pay \$300,000 of Dawson's salary if the Cubs could sign him. Last month, the Cubs sold Dawson's agent that they could

even. We think the offers to Tim and Andre are quite superior to anything else they will be offered."

That is bad news for the free agents, and for Expos fans. And with no indication that stars like Raines or Parrish will sign with new clubs before the season opens April 6, the season appears headed for a U.S. federal courtroom. The dark shadow cast over the sparkling diamonds of Arizona and Florida is likely to chase the boys will into summer.

—BILLY WATSON
WITH STEPHEN WILSON (WIREIMAGE.COM)

Preparing for snowless slopes

When the Olympic Games Calgary 1988 commences, the 1988 Olympic downhill and slalom races, it is known that it was coming. Calgary 1988 selection was made despite the fact that the mountain's slopes had been virtually snowless in the month of February for the past 16 years. The city is 40 km southwest of Calgary—it is also subject to unpredictable chances that cause the slopes with snow.

Wurtel's team has been installed to transport snow up the mountain. And if all else fails, the committee has made arrangements for helicopters to carry in additional snow. Said Alex Cammings, COC's general manager of venues, "We're doing all we can, and we have a lot of options."

After three consecutive weeks of snow-sitting temperatures as high as 14°C, Ski Canada's law, the Olympic that operates Mount Allan, last week received artificial snowmaking

Wurtel's team

trained at the site earlier this month, anticipating similar snow and weather conditions during the Olympics. Downhill coach Heinz Stiel, for one, was pleased. Said Stiel: "From a weather and a technical point of view, it's a great hill." That opinion, however, was not unanimous. According to skier Felix Böhler, "There were rocks showing, and the snow was really thin, six out of 10."

Under ideal conditions, the organizers would build an artificial snow base of two metres. But that is only possible with normal sub-zero temperatures in November and December—unlike last year's balmy weather. Still, even a soft base can be lost if snowmaking equipment is not shut off during sudden temperature increases, which occurred as the women's downhill course this month. Said Ray Kovarych, manager of Ski Canada's law, "Warm winds raised the temperature five to 10 degrees in 30 minutes. It brought us into the snow mark. We didn't react quickly enough, so the snow turned to water and froze overnight."

The snowmaking system covers 80 per cent of both the men's and women's runs. And Cammings has contingency plans for the rest of the course, including snow that has accumulated on the lower slopes by 10:00 a.m. Explained Cammings: "It is a kind of a safety net. It is a kind of a safety net. It is a kind of a safety net."

If the first 50 m are not covered, the Olympics will be moved down to a secondary starting gate that was used last December for a North American (NOR-Am) ski-cross event. Such a shift would please Glenn Wurtel, head coach of the Canadian men's alpine team. Said Wurtel: "It's extremely steep at the top. The Nor-Am start is difficult enough."

—DANIELA KEEFER with correspondence from



RELIGION

A price tag on salvation

He is a former test preacher who built his faith-healer's reputation and his religious vision into a multimillion-dollar enterprise as a pastor in television evangelism. Twenty-five years ago, decades from believers' fanned the spreading of Oral Roberts University (ORU) in Tulsa, Okla. Seven years ago, faced with a financial crisis during an expansion campaign, Roberts said that a 300-foot-tall cross of Jesus had encouraged him to coast on his vision for the money he needed. The following year Roberts opened the new project on the 500-acre university site in accordance with what he said were divine directions—a hospital complex for 777 beds that would combine modern medical and faith-healing techniques. A year ago, with both the university and the City of Faith medical centre financially strained, Roberts announced that God had instructed him to organize evangelist medical teams to work abroad. Then, after raising less than half of that program's \$16-million cost, Roberts, 69, announced on television in January that God's 1988 message included a grave warning: Said Roberts: "And He said, 'If you don't do it, I'm going to call you home in six years.'"

That deadline death warning, tied to a money appeal to the 1.1 million viewers of the Roberts TV program, *Report a Miracle*, provoked religious reactions—even among North American who said they were born-again Christians. Said fellow TV evangelist Jimmy Swaggart: "I don't believe God holds people hostage until they raise certain amounts of money." Still, most North American TV stations that carry the Roberts program continue to do so—among them, the TV in Winnipeg, which broadcasts the program to 8,000 viewers every Sunday. With more than 90 syndicated TV evangelist programs in the United States alone, attracting more than 34 million viewers, competition for the religious dollar has grown. Said Martin Marty, a University of Chicago church historian, and that he was not surprised by Roberts' dramatic appeal because it was part of what he described as a shift, exaggerated money plans by TV evangelists. Said Marty: "In this business, you're only as good as your last act."

Even as Roberts launched his latest appeal, his hospital project was open-

ing at less than half of its planned capacity and draining his ministry's treasury at a rate of more than \$1 million a month. The faith healer was clearly under duress. But last week Roberts assured a TV audience of his confidence in their generosity. Said the evangelist: "On Mar. 31 I expect to

be alive—in it." Indeed, by late January fundraising officials said Roberts had already raised about \$8 million toward his March objective of about \$6 million for the medical ministry project. But even if his followers fail to meet the March deadline, the evangelist may have another answer. Roberts in the past has retracted from continued gains by telling followers that he had "misheard" God.

—BARBARA BLACK in New York with VICTOR D'OTTAVIO in Toronto



Cammings on Mount Allan with snowmaking equipment: a pipeline and, if all else fails, helicopters

making winds. And this winter more than 70 days of above-average temperatures have removed most of the 30 inches of snowfall the mountain received. According to Atmospheric Services meteorologist Bruce Thomson, "It is highly improbable that we will get two years in a row like this." Still, by this time next year the races will have been run, and the prospect of snowless slopes next February is beginning to haunt the organizing committee.

Almost all the snow on the mountains last week was man-made. And COC officials admit that their \$32-million snowmaking system may not be sufficient to cover the courses for next month's World Cup races. Indeed, for a World Cup downhill competition in January, snow had to be trucked in—at a cost of \$50,000. Anticipating similar problems for the World Cup and next

on the mountain. The World Cup and Olympic runs are now covered, with the exception of the first 50 m of the Olympic men's downhill course. The reason the starting gate is above the tree line, where Chinook winds blow the snow off the run. The system's full capacity is required to cover the top section, but, said Cammings, "It needs three to four feet of snow to make it safe. We will not jeopardize the rest of the course for the top."

If the first 50 m are not covered, the Olympics will be moved down to a secondary starting gate that was used last December for a North American (NOR-Am) ski-cross event. Such a shift would please Glenn Wurtel, head coach of the Canadian men's alpine team. Said Wurtel: "It's extremely steep at the top. The Nor-Am start is difficult enough."

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—DANIELA KEEFER with correspondence from



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MEDICINE

Closing in on Alzheimer's

For the 305,000 Canadians and 2.8 million Americans suffering from Alzheimer's disease, and for their families and friends, it was an encouraging report. Swiss German neurologist Alois Reber has identified the degenerative brain disorder in 2006, scientists have had little success in determining its cause or finding a cure for the disease that damages the brain's nerve endings and cells. But last week researchers at Boston's Massachusetts General Hospital announced that they have determined that a gene defect which may cause the hereditary form of Alzheimer's occurs on one specific chromosome—No. 21—and that it is associated to the middle section of that chromosome. Reber, Vice President, executive director of the Toronto-based Alzheimer's Society of Canada, "It is the most exciting and potentially significant report in recent years."

While Alzheimer's has been known to strike people in their 60s, it primarily affects the elderly—one in 10 people over 65 and one in five over 80 suffer from the disease—and experts say that at least 10 per cent of those cases are hereditary. The Swiss researcher announced that they have found evidence of a defective gene on chromosome 21 during studies of four families who have had 145 cases of the disease over eight generations. Team member Dr. Peter St. George-Hyslop, a University of Toronto neurologist working on the Boston program, reported on the results in last week's issue of *Science* magazine. Said St. George-Hyslop: "Our discovery is the first definitive lead to an actual cause of Alzheimer's disease."

According to the researchers, understanding of the defective gene may help doctors to diagnose familial Alzheimer's long before any symptoms arise. That, in turn, would allow researchers to study the course of the disease from its earliest stages. But specialists in the disease cautioned that the Boston findings are only a first step in dealing with a condition that robs people of memory, judgment and physical mobility. The challenge now is to isolate the defective gene, then determine precisely how it has its devastating effects on Alzheimer's victims' brain cells.

—SARA UNDERWOOD in Toronto

PEOPLE

Canadian singer **Brenda Cockburn's** love of Haida Indian art is reflected on the cover of his new album, to be released in mid-April. Waiting for a *Murder*—a double album of Cockburn's songs from 1980 to the present—will feature a reproduction of Haida artist **Robert Davidson's** painting *Seven Bringers Light to the World*. The singer, because involved with the Haida a year ago, when he held two benefit concerts in Vancouver to aid their fight against logging on one of the Queen Charlotte Islands off the B.C. coast. Earlier this



Cockburn helping the Haida struggle against logging

year he attended a tribal council meeting and happened in the Queen Charlotte Islands. Said Cockburn, 41: "We were in an incredible setting—you could see where Haida art comes from."

When he directed and starred in the legendary 2000 movie *Brave Heart*—and for years afterward—the on-and-off-screen lives of **Brenda Cockburn's** roles called for an unobtrusive face with myriad eyes, an appearance that he admits reflected a life filled with alcohol and drugs. But Hopper says that he "stopped drinking four years ago and stopped taking drugs almost three years ago." Now he is nominated for an Oscar as best supporting actor for his intense role as a former basketball star who has become the team doctor in the recently released *Moon*. Although a publisher has asked him to write his autobiography, Hopper, 50, says that he is not yet ready

to tell his story. "I couldn't really tell the truth about everything right now without putting other people in trouble—and myself, too."

Canadian actor **Jan Rubes** says that he relishes his role in the just-released movie thriller *Dead of Winter*. As the mysterious wheelchair-bound Dr. Lewis, who turns a young actress played by **Mary McCormack** to a forbidding mansion for an audition, Rubes, 36, plays a movie villain for the first time. Still, the Czechoslovakian-born actor says that he is accustomed to "playing badasses." As an opera singer for 45 years before embarking on a movie career a decade ago, Rubes sang many evil roles. "Being a villain was all the villain," he said. "From the beginning, I was singing bad guys and never got the girl."

Canadian jockey **Sandy Hawley** is back in the winner's circle following a so far successful battle with skin cancer. The 31-year-old jockey had surgery last November and did not ride a horse for three months. He returned to competitive racing early last month but had to wait until Feb. 15 to ride his first winner. Says the Oakville, Ont., native: "The little things don't matter as much when your life is at stake." Still, he adds, "I always want to win. I'm planning to race this cancer in a win, too."

For **Erwin Hart**, performing in the Soviet Union, which she calls a land of great ballet tradition, is a highlight in her 11-year career. Hart, a principal dancer for the Royal Winnipeg Ballet and an assistant guest artist with the National Ballet of Canada, travels to Moscow this week to begin a 10-day Soviet tour that will be filmed for a CBC documentary about her career. In Odessa she will perform excerpts from the classical *Swan Lake* and the contemporary piece *Snake and the Fox*. Hart, 30, who will also appear in a play in Moscow, said that she turned down a chance to per-



Hart performing alone only at night

form in *Swan Lake* with the Kirov Ballet in Leningrad because she "didn't have the time to properly prepare." Describing herself as a "just little Miss Erwin Hart from London, Ont.," she adds: "I hope to be able to live up to their standards. I will be the best I can."

In the recently released movie *Memento*, actress **Kirsten Dunst** plays a maniac who comes alive—but only at night and only for her creator, a young stockroom clerk. Playing a maniac in the first major screen role for British-born Dunst, 30, who grew up in Vancouver but has worked in the United States for the past 10 years, primarily in theatre. Of the difference between acting in movies and the theatre, she said: "In doing play, the play's the thing—it drives you. In a film, you have to rely on the director and your own inner clock to keep it going."

—Edited by TYRONNE COOK

HOBBIES

Directed by David Anspaugh

A lyrical piece of small-town Americana, *Monterois* is one of the best movies about basketball ever made. Set in 1962, it opens with the arrival of Norman Dale (Gene Hackman) in Hickory, Ind., to coach the farming town's underdog basketball team. Banned from the college league for assaulting one of his players, Norman takes his post to protect his first coaching job in years. But his sophisticated death drive comes from Hickory's basketball-loving town folk. And the town's star player, Jimmy (Marty Valenz), depressed over the death of his former coach, refuses to play. Although Jimmy's guardian, Myra Fleener (Barbara Hershey), is attracted to the new man in town, she refuses to cooperate. Against these odds, Norman struggles to turn the Hickory Blazers into contenders for the state championship.

At times, *Hobbies* shows a few too many winning baskets. Norman eventually claims all the local—once Myra—to his side. He even offers the town drunk, Shooter (Dennis Hopper), a second chance. He makes Shooter his assistant and secures him with his estranged son Douglas (Jack Black), a first-time director. David Anspaugh displays a genuine talent for storytelling. And the performances—especially Hopper's—are first-rate. But the movie's best quality is the bond between Norman and his players, before the big game. He tells them, "I love you guys." By the finish, *Hobbies* becomes a full-on poem for honest sentiment—and scores the points that matter.

—LAWRENCE STUBBS

DURT POOL COOL

Directed by Andrew Koshchinsky

Like *Andrew* plays what may well be the performance of her life in *Durt for One*. She plays Raychelle Anderson, a famous violinist stricken with multiple sclerosis. Andrew's talent, untroubled by the well-springs of pain that erupt when a violent personality suddenly realizes that the lines under a sentence of death. She plays the husband (Alan Bates), an alcoholic and philandering composer-director, deserts her. Meanwhile, her best student (Rupert Everett) sells out his prodigious talent for a commercial career, playing *Flight of the Bumblebee*.

for insensitive drunks in Las Vegas. Stranded at the loss of her greatest love and of her ability to play music, Stephanie seeks solace in a psychiatrist (Oliver Sydney). But even he cannot help her. Ultimately, the movie makes her peace with mortality alone.

Directed by Soviet film-maker Andrei



Hickman (center), Andrews (below) in *preference* (left), a musician's death sentence.



code. The fabric of her life—the regret, anger, joy and despair—pours in ghostly review across her face. "Was I so terrible?" she asks, begging for a reprieve. "Was the music so terrible?" Griefed, heart-breaking and highly intelligent, *Durt for One* offers a loving reply.

—LOVE

THE GOOD WIFE

Directed by Ken Cameron

Life in a small Australian town is the late 1930s must have been monumentally dull. Certainly, the portrait offered in *The Good Wife*—a dispassionate look at

the married existence of Marge, a logger's wife—a dull. Played by the usually glamorous Kathleen Ward, Marge wears shapely dresses and little makeup and runs about town delivering babies and performing good deeds. Her joyous husband, Sonny (Bryan Brown), seems to view the act of leeching as a show, akin to spending a stake into the ground. Sincerely, Marge crosses any excitement that will lift her out of her target. It arrives in the person of Neville Gifford (Sean Nell), a somewhat handsome. Although Gifford has no time for her, Marge becomes obsessive, pursuing him everywhere.

Moving at a glacial pace, the film is like a short story related beyond its capabilities. And while the performances are sturdy, the characters are essentially inanimate. Writer Peter Kenna's script offers a series of stiff exchanges—including Marge moaning, "Oh Sonny, it seems as if nothing exciting will ever happen to me" and nothing does happen. In the end, Marge's fixation on Gifford lacks the over-the-top ridiculousness that would bring substance to the ball. For a film purportedly about passion, *The Good Wife* is ironically bereft of it.

—LOVE

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FOR THE RECORD

Maestro of the frontiers

He has the dashing looks of a wartime idol. But the rise of 28-year-old Finnish conductor Esa-Pekka Salonen has more to do with talent than appearance. A mere eight years after he made his debut with the Finnish Radio Symphony Orchestra in 1979, Salonen has become one of the most sought-after conductors of his generation: orchestras in New York, London and Paris are vying for his services. He made his London debut in 1985, stepping in to conduct the Philharmonia Orchestra in Mahler's Symphony No. 1 on only five days' notice. Two years later he became its principal guest conductor. Signed in 1986 to a long-term contract with the Masterworks, he has already won respected music magazine awards from *Gramophone* and *High Fidelity*. Salonen, who began his career as an avant-garde composer, is a passionate advocate of new music. "I feel it's totally unnecessary to record standard repertory," he said recently. "Nobody needs my Berlin's First Symphony—except perhaps my mother!"

His vivacity and authority are particularly evident on three new recordings of 20th-century works by Carl Nielsen, Olivier Messiaen and Witold Lutoslawski—all on the Masterworks. To each of the challenging scores Salonen brings clarity and precision, tight discipline and an architect's sense of line and structure. He communicates viscerally as well as intellectually in the baroque flows of Nielsen's Symphony No. 4, the ecstatic rhapsody of Messiaen's extravagant love poem *Trompeuse Symphonie*, and the swirling, kaleidoscopic colors of Lutoslawski's Symphony No. 2.

Of the three composers, Nielsen is the sternest, a Dane whose rugged musical contours occasionally subsume into a genial smile. The grandson of his 1968 Fourth Symphony, composed in the shadow of the First World War, conveys the varying struggle of life against the relentless progression of death and destruction. Salonen and the Swedish Radio Symphony Orchestra attack the work in heroic fashion.

By contrast, the two living composers, Messiaen, now 76, and Lutoslawski, 74, have always been fascinated by music and sensual interplay of color. In Messiaen's most Trompeuse (1948), Salonen uses a battery of unusual percussive instruments to



Salonen, maestro-ideal looks and a rare, youthful ideal

harmonize Orchestra he carries off the ecstatic, spiraling dance movements triumphantly.

Salonen is most at home with the two works by Lutoslawski: Working

with the Los Angeles Philharmonic and Harrison, select John Seelye-Quinn, he creates a mysterious, impressionistic setting for the phantasmagoric *Les Époques du sommeil* (1975), based on a 19th-century poem about sleep by French poet Robert Desnos. And he delivers a glittering Third Symphony (1983), with its delightfully instilling first movement and dramatically assertive final

movement. Lutoslawski's own interpretation of the work, available on a Philips recording, is more enervated. But it is hard to imagine greater clenched power than Salonen brings to it. And by showing how the work fits the long symphonic tradition, he gives even doped-in-the-wind conservative reasons to be impressed. With his obvious boisterousness and idiosyncrasy and for new music, Salonen is one of those rare conductors who can lead indifferent listeners eagerly into the remote regions of 20th-century music.

—RICH PEARCE

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WELFARE

Too much food to share

Across Europe, a world stockpile of butter, grain, wine, vegetable oil and other foods fill warehouses and cold storage vaults from the North Sea to the Mediterranean. They exist in large part because of overproduction fueled by generous farm subsidies in the 12 European Community countries. But one of the harshest winters in decades has resulted in a slight reduction in surplus food stocks valued at \$17.6 billion last

last December. Thatcher told the European Parliament in Brussels, France, that storing and disposing of the surplus food accounted for half of the EC's \$45.8-billion yearly budget. And Giddis has said that building surplus food stockpiles while people in Ethiopia and other poor countries die of starvation is a "revolting idea."

Certainly, past efforts to reduce surplus food stocks have embroiled EC farm officials in controversy. Until



Surplus stock in a French warehouse: hundreds of \$73 million worth of staples

year Agriculture ministers in the EC agreed last month to distribute \$5.1 million worth of blankets and food and what may amount to \$73 million worth of the excess food—to the poor by March 31. As they did so they insisted that the distribution of beef, fish, cheese, fruit, and other staples was a service event spurred by economic distress.

Still, EC spokesman Miles Wipier acknowledged in Brussels recently that the program might become permanent—providing assistance to as many as 26 million people in member countries. David Webster, "The experiment could show charity to be an effective, long-term way of reducing our huge food surpluses." Meanwhile, an EC policy designed to maintain market prices and protect European farmers has piled up 16.5 million tons of cereals, one million tons of butter and 568,000 tons of beef. That approach has drawn fire from British Prime Minister Margaret Thatcher and critics such as rock musician and food-aid activist Bob Geldof.

2006 the EC routinely released huge stocks of butter at Christmas as an extra for a 250-gram package, or 30 percent of the normal price. But that program, which was intended to make dairy products more readily available to poor Europeans, did little to reduce what has become known as the EC's butter mountains. For one thing, EC market analysts noticed that butter sales usually declined in January and February. The reason: middle-class consumers made bulk purchases when prices were cut at Christmas, then froze the butter for use when prices rose again. Indeed, European magazine producers complained that the annual Christmas butter sale was unfair competition. And in a 1985 case that is still before the European Court of Justice in Luxembourg, they asked the court to ban the practice.

By contrast, EC officials gained initial favorable publicity when they launched the winter food-relief program during the week of Jan. 19. The announcement came in the midst of a three-week peri-

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od marked by bitter cold and blizzards across the continent—conditions that claimed the lives of at least 200 people. But in Britain and West Germany, critics complained that national agricultural boards had been slow to form a distribution network using the Red Cross and established charities like the Salvation Army. As a result, many requests did not get surplus food packages until mid-February—when the severe weather conditions had abated.

There were also some delays in France, Belgium and the Republic of Ireland—30 countries where officials generally schooled with and smooth deliveries of surplus food. In Brussels, social workers served meat and other foodstuffs only in prepared dishes in order to prevent assemblages reminiscent of the surplus food. Declared Belgian Red Cross spokesman Jean-Pierre Collignon "We disposed with as much real time as possible, but time was lost in making sure the food reached the people it was intended for."

By mid-February relief workers had distributed at least 86,654 tons of flour and semolina, 6,322 tons of sugar, 594 tons of butter and 941 tons of beef. According to the representatives of some charity organizations, those totals suggest that regular handouts of free surplus food are urgently needed. In France, a private organization called Les Restaurants du Cœur (Restaurants of the Heart) regularly provides low-cost meals for the needy in 25 communities by purchasing such commodities as 30 surplus beef. Now, by using food obtained in the supermarket giveaway, volunteer workers have lowered the price of a meal by 25 per cent—in 75 cents.

For their part, 30 officials say that establishment of a vast food distribution program is unlikely. Declared Community spokesman Wegler "The 30 is not a super daisy. Any excessive generosity could disrupt markets and beggar the butchers and grocers of Europe." Still, some merchants in areas where surplus food has been distributed say that the program has had no effect on business. In fact, one of them, Brussels-area grocer Roland Kogge, argued that increased aid to the poor might increase the profits of his small store. Declared Rapin: "It will free them to spend more on non-necessaries that give me a better margin." And 30 officials may find it difficult to argue against a dramatic expansion of the free-food program. By their own estimates the distribution costs of the program will amount to \$2.6 million—about what it costs to store the 30's surplus butter for a single day.

—PETER JACOB in Brussels with
MICHAEL JACOBSON in Paris



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SHOW BUSINESS

Cold war of the sexes

In a blur of coffee and gaudy jewelry, Gailly Jones bursts on to the stage as the sex-obsessed *Amazons* MCs. A dual finger for Nasa Montebello. A few costume changes later she is Yvonne Gladney, a Honey Newfoundland tv talk-show hostess. In a singing arena, she complains that her ex-husband "was one of those people who think men is like doing the dishes if he did it badly enough, he wouldn't be asked to do it again." Jones's one-woman show, *Wedding in Texas*—which opened at Toronto's Theatre Passe Muraille last week after stops in St. John's, Halifax and Ottawa—denies the discord between the sexes. Her theme gets its most fervent comic treatment when Jones appears as the slick, mustachioed Barford Murphy, the classic male. "There are a lot of beautiful women out there," he says, grinning, "but they are all after the big man-wittent. Ya says, 'I do,' ya do what ya can, but what can ya do, you're only human, right?"

Jones's hard-kitting satire of the gender battlefield has won the 31-year-old St. John's native wide acclaim. She acquired her raucous comedy style, a blend of outrageous dialogue and movement, as a member for the past 14 years of Newfoundland's Duke comedy troupe, her older brother Andy Jones, a fellow Duke member, co-directed *Wedding in Texas*. Jones will get national exposure this spring when the CBC airs a series of six half-hour Duke specials. And she plans to expand her script next year for a film version of *Wedding in Texas*.

The show takes its name from the mini-drama that makes up its second half. *Wedding in Texas* is the tale of Lundy from Jones, a strong-spoken waitress from a remote Newfoundland village who drives to Texas for the wedding of her former female lover to Barford Murphy. The play includes three parodies of rock videos. One of them, "Outpost Lesbian"—directed by sister Jones brother, Michael—depicts Lundy Anna's seduction by his big-city lesbian dressed in fabric stockings and roller boots.

The story, inspired by Jones's meeting with a lesbian from a small Quebec town, reflects Jones's own abortion with romantic relationships. Based in a strict Roman Catholic environment, she

rebelled against it by pursuing men "with abandon." In 1980 she gave birth out of wedlock to a girl, Mara. "Becoming a single mother kind of put me in gear," Jones recalled. "My father said, 'The next guy to get a job.' I had to go out there and start working." Still, Jones refuses to regard men as the foe. Indeed, when *Lesbian Party*, an Ottawa-based newsletter, requested an interview, Jones refused because she said the publication was "so exclusive of men." On stage, however, Jones does



Jones as *Mustachioed* whoppy, that's not funny!

aim to disturb both sexes. In one of the show's sharper sketches, she plays both a battered wife and her drunken, abusive husband. Despite its brutal content, the skit is hilarious. Real Jones "I like to make people laugh and then make them feel, whoppy, that's not funny."

Jones herself vacillates between delight and sadness while performing *Wedding in Texas*. "When I was 22," she said, "my mother died while I was away. I put that in the show. Every time I say 'Goodbye, Mom, I love you' on stage, my throat shakes. Good comedy is like that: something's got to die for something to live."

—PATRICIA BLANCHY is Toronto's PETER CALVERT in St. John's.



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New York City police: after rape, murder and mutilation, vigilante justice

BOOKS

The law of the jungle

CLOSE PURSUIT: A WEEK IN THE LIFE OF AN NYPD HOMICIDE COP
By Carter Stroud
(Fingerprint Books, \$17 paper, \$19 hb)

When a New York City police officer sets out to solve a particularly vicious homicide, he must supposed to function as a lone avenger. Says Canadian Journalist Carter Stroud in *Close Pursuit*, his compelling portrait of New York City homicide detective Eddie Kennedy: "The television image of the lone man doggedly pursuing his criminal quarry through the Dostoevian landscape of night is mostly laughable." Stroud meticulously documents the support system of 300 people, from lab technicians to informants, who aid the investigation. But despite his disclaimer, Stroud follows Kennedy precisely because the detective is essentially a lone hero who works the system as long as it works for him and backs it when it gets in his way. Happily, Stroud's hero is as entertaining as any fictional detective.

Stroud—whose 1982 book *The Blue Wall* chronicled Canadian police in action—claims to have spent two years gathering background material on New York's finest. But there is a strong strain of romanticism in his view of the New York Police Department. He describes it as profane and brutal, "yet with something in it that is noble and true and fair." And he clearly sees Kennedy as the personification of

these qualities: "Eddie Kennedy didn't know it," he writes, "but [Lieut. Bruce] Stinson [his superior] looked at Kennedy as his 'silver bullet,' his absolute best man when it came down to bringing in a running man."

The book details two specific homicide cases, and one of these clearly takes Kennedy's measure. He and a partner set out to find two men who entered a young woman's apartment, terrorized her for hours, raped her, slit her throat and finally mutilated her body—all in the presence of her infant child, whom they left alive. The policemen collar one killer quietly, at his mother's house. They finish the other one out the back door of a bar in the Bronx, where Kennedy is waiting. The cop, who has little faith in New York's criminal courts, has been speculating about what the victim must have been thinking during her last moments, and he has decided how he wants to make the arrest. When the suspect appears, Kennedy—without drawing his gun—claims vengeance, delivering a flying kick to the groin. But what happens after is never made clear.

Still, Stroud builds the narrative tension so effectively that many readers may identify their vigilante justice. More importantly, Stroud has portrayed Kennedy so persuasively that even those repelled by the detective's actions will understand him—and the brutal environment that shaped him.

—DON CLEMENS

The art of a flawed man

LOOK HOMEWARD A LIFE OF THOMAS WOLFE
By David Herbert Donald
(Little, Brown and Company, \$79 paper, \$125)

At six-foot-five, the American writer Thomas Wolfe (1896-1938) was so tall that he used to do much of his writing on the tops of refrigerators. Almost everything about Wolfe was oversized: his appetite, his hates, his loves and his perceptions, lushly written novels, including *Look Homeward, Angel* and *Of Time and the River*. Ernest Hemingway called him "a gladiator giant with the brains and guts of those men" and "the overblown Lili Almer of literature." That was extremely unfair, but it underlines the disapproving many critics—and readers—have heaped on a writer whose reputation is as elusive as New Prof. David Herbert Donald of Harvard offers a more balanced view in his subjective and thorough new biography, *Look Homeward*. While Donald concedes that Wolfe "wrote more bad prose than any major writer I can think of," he also tries his readers to reassess Wolfe as one of the "very great American authors."

Look Homeward may not change the minds of those who find Wolfe's prose too rich. But it is bound to pique new interest in Wolfe's complex personality. Born in 1896 in Asheville, N.C., Wolfe grew up the same boy as his mother until he was 6. Then, and his alcoholic father's bullying, fostered a deep insecurity in Wolfe. Donald contends that it also drove him into a lifelong search for other friends and mentors who could give him the nurturing he never had at home.

One of his most important mentors was Alvin Bernstein, a middle-aged New York set designer who became his lover when he was an unpublished novelist of 25. At first Wolfe blossomed under his mentoring care, but after the 1929 appearance of *Look Homeward, Angel* he felt affronted and led to Rorpe. Alvin posterized him with letters and even threatened suicide. This same man arrived in London and told Wolfe that Alvin was just "an emotional woman" who might "think she meant these things for five minutes or so." Disgusted, Wolfe rushed to the bathroom and vomited for two hours.

But Donald's most fascinating tale concerns the friendship between Wolfe

and Maxwell Perkins, his editor at Scribner's publishing company. Perkins' generosity suited the young, undisciplined writer. It was he who painstakingly cut and shaped Wolfe's sprawling manuscript for *Look Homeward, Angel*, turning it into a classic coming-of-age novel. His involvement with Wolfe's second book was even deeper. Wolfe could create wonderful characters and anecdotes, but he found it difficult to mould them into a coherent picture. By the fall of 1930 he was in despair, leaving his half-a-million-word, work-in-progress as a failure. Perkins took charge, cut the manuscript in half and published the semi-legendary first portion as the 1931 novel *Of Time and the River*.

Perkins has made for decades now about whether Perkins saved Wolfe's talent as well as he might. Donald treats the matter with commendable fairness. He extols Perkins for never giving Wolfe the desolate, work-by-work effort that his overwriting skills could have profited from. And he suggests that Perkins was wrong in encouraging Wolfe to write big books instead of the novella-length stories in which his true strength lay. But he also makes clear that without Perkins's decision, there might have been no novels at all. Wolfe broke with Scribner's in 1938—over what he called Perkins's editorial constraints.

But Donald is much kinder to Edward C. Auerell, the young Harper & Brothers editor who later dealt with Wolfe. When Wolfe died suddenly in September of that year—of previously undiagnosed tuberculosis—he left a chaotic manuscript that which Auerell created one posthumous novel, *The Fish and the Game* (aka *Jim Crow's Old Man*). Auerell shares here, in the second book especially, Auerell's editing was unapologetically bold, he dramatically reduced Wolfe's sentences and even introduced some of his own.

Like the country he explored in his fiction, Wolfe veered to extremes with an impetuousness both hypnotic and worrying. There was something in Wolfe's character that was peculiarly American—at once magnanimous and egotistical, full of generous talk, yet deeply prejudiced against Jews and blacks. He was a fundamentally child-like man who dreamed of a greater mission for his art. His novels have always aroused heated debate. In a 1935 poll, the readers of *Saturday Review* magazine voted *Of Time and the River* both the best and the worst novel of the year. Thomas Wolfe often seemed less a personality than a force of nature, one that *Look Homeward* has managed to contain—and understand.

—JOHN REMBOCK

PUBLISHING

A bookman bids farewell

For almost four decades Jack McClelland played the role of lambent hero in the epic survival story of the McClelland and Stewart publishing house. But 14 months ago the respected owner-publisher sold the Toronto firm to real estate developer Avie Bennett. Last week McClelland wrote himself out of the story completely. At a Toronto news conference, the man who launched the careers of a generation of Canadian writers, including Man-

McClelland from driving a chariot down Toronto's Yonge Street to promote Sylvia Fraser's 1968 novel *The Emperor's Daughter*. But he also was respect. Said his son, Pierre Ber-son: "The treated writers better than any other Canadian publisher."

McClelland was less successful in managing his firm's finances. By 1984 he'd needed a \$4.1-million bailout from the Ontario government and private investors to keep it afloat. A year later McClelland sold the publishing house to Bennett. Within a month he will relinquish his 75-per-cent controlling interest in Seal Books, which publishes 48 to 50 Canadian titles each year.

The decision is well to say Pierre was, McClelland noted, "relatively easy" in fact, company president Anna Porter is a former vice-president and was the first president of Seal Books when it was formed in 1971. Three years later she co-founded of Key Porter with Key Publishers, headed by Michael de Pencier. Then,



McClelland going to absurd lengths to publish writers

garet Laurence and Mordecai Richler, announced his retirement. Said McClelland, of "Seal publishing is a full-time occupation. If you are leaving—that leave." At the same time, McClelland agreed to sell his controlling interest in Seal Books—a paperback firm jointly owned by him and New York-based Random House—to Toronto's Key Porter Books for an undisclosed amount.

It was McClelland who transformed Seal, co-founded by his father in 1906, from a firm dominated by British and American book titles into one that developed and promoted Canadian talent. In 1968 he made his own Canadian authors widely available in inexpensive paperback for the first time by launching the New Canadian Library. And he often went to absurd lengths to publish his writers. Once, a blizzard prevented a top-did

in December, 1968, backed by a newly formed controlling interest in Doubleday Canada. The Seal acquisition adds more power to her expanding publishing empire. Said Porter: "My first challenge will be finding a new publisher." Seal's former publisher, Janet Fournier, left Seal in 1973 to marry American author John Irving. Meanwhile, former broadcaster Adrienne Clarkson will become the publisher of Seal on Mar 1. As for McClelland, his friend, author Jane Calverley, said that he has not been happy since the firm changed hands. Said Calverley: "He needs a new quest." But McClelland declined to disclose his future plans, saying only: "Don't send any more manuscripts. I won't be reading them."

—PAMELA YEH FOR THE STAR



Dover (centre), cast-offs of British society grasping with a grim new world

TELEVISION

Orphans in a harsh land

HEAVEN ON EARTH
(CBC, Mon., 8 p.m.)

They were the cast-offs of British society: orphans, foundlings, factory boys and girls who had been gathered up by Christian missionaries in Britain and shipped to Canada for adoption. Over 125,000 of the so-called Home Children arrived between 1867 and 1914. The lucky ones found the caring Christian homes they had been promised. Others discovered they had been rescued from the pain of Victorian misery only to be dropped suddenly into the fire of a grim new world.

Heaven on Earth, a two-hour drama co-produced in Canada and the United Kingdom, tells the story of five children who arrive in the fictional town of New Canaan in 1911. There they discover that human hearts come in all sizes, from the minuscule to the expansive. More than anything else, *Heaven on Earth* is an affecting account of the difference between the obvious—what is the unfolding of young lives.

Moses is remarkably quick to find his viewers' hearts too. The opening scenes, shot in a Welsh mining town, introduce attraction, 15-year-old Megan Dine (Sian Llewellyn) and her six-year-old brother Robin (James

Crawley). Their mother is dead, and in the drama's first 30 seconds their father is killed in a mine accident. Rescued Allan Kewler evades the disaster with a handful of brief but deeply etched images. Megan staring out her cottage window as the alarms sound at the mine, then hurrying in full-skirted silhouette down a black hill. That is all there is no bloody corpse, no lurching at the graveside. The next scene switches abruptly to the interior of the town carrying Megan, Robin and other Home Children into the Canadian unknown.

That economy of expression is typical of *Heaven on Earth*. At his best. At other times the script, by novelist Margaret Atwood and director Peter Pearson, settles a rather conventional family drama with stock characters and predictable dialogue that it runs well to occasions of tragedy, great and small, and generally balances its several plot lines. Megan, fiercely separated from her brother in Toronto, is sent to the New Canaan farm of Will Haverthorn (B.J. Thompson), an awkward but good man whose wife is dying. Another Welsh girl, the Barbican Sophie (Donna Edwards), goes to live with a sufficiently sweet-natured couple in town. Meanwhile, two other children, tough-talking Les Owen (Terrell Cartwright)

and the sensitive Gareth Andrews (Haw Davies), have the misfortune to be taken in by Sandy MacDonald (Cedric Smith), a farmer who forces the boys to work like slaves.

The core of the drama belongs to Megan and Sophie, whose adoption drama lies in close proximity. Their story of brief, doomed love creates an emotional involvement that is a credit to two fine young Welsh actors. But their struggle to build a future together would not be nearly so compelling were it not for the contrast provided by Cedric Smith's outstanding performance as the tight-fisted MacDonald. He makes the boys sleep in the barn and wear ill-fitting boots that soon reduce Gareth's feet to a bloody pulp. In a barely concealed way, MacDonald actually enjoys their suffering. Smith's own blaze with a sadistic triumph that is utterly unsettling.

The other side of *Heaven on Earth* is another starkly contrasting view, rich with orchards, meadowlands and prosperous farmhouses. In winter especially, it is a landscape that provides images that are more arresting than anything the characters can say. *Heaven on Earth* is far from perfect. It slides too often into the sentimental and the platitude. But there is a real poetry in it, and a power that will stay with viewers long after the final credits have dissolved.

—JOHN REMBOCK

MACLEAN'S BEST-SELLER LIST

FICITION

- 1 *Whitehead, David* (1)
- 2 *By Fire* (1)
- 3 *The Eyes of the Dragon, King* (2)
- 4 *A Taste for Death, Jones* (2)
- 5 *Whitehead of the Gods, Sheldon* (2)
- 6 *The House of the Living, Fawcett* (1)
- 7 *My Sister, My Sister, My Sister* (1)
- 8 *The Queen's Secret, Thompson* (1)
- 9 *The Field of St. John* (1)
- 10 *Redwood, Edwards, Collins* (2)

NONFICTION

- 1 *My War: The Unpublished Memoirs of Frank Straker, Kelly* (2)
- 2 *The Eyes of the Dragon, King* (2)
- 3 *Lines in Winter, Goggin and Patterson* (2)
- 4 *Controlling Interest: Who Owns Canada?, French* (1)
- 5 *Fatherland, Goggin* (1)
- 6 *Memories, Leacock* (1)
- 7 *The Master Builders, Foster* (1)
- 8 *My Sister, My Sister, My Sister, Thompson* (1)
- 9 *Of Canaan, Goggin* (1)
- 10 *My War: The Unpublished Memoirs of Frank Straker, Kelly* (2)

11 *Portrait last week*

—Compiled by Frances Melby

Greedy that starts at the top

By Allan Fotheringham

A ill-will-eyed casino fronder on their own economy. All around ideologues eventually crashed in their greedy appetites. One the more belated enough dental floss and, in time, they will hang themselves. It will fix. If you sit on the sidelines long enough, the heavy hitters have a way of sending back to you.

Our example is the Reagan Revolution, the heavy-breaking movement that was going to re-invigorate government and change the course of American society—if not that of the world. The Reaganists, with their supply-side economics, were going to invade our way of life by cutting taxes for business and the upper classes, this was supposed to stimulate the economy so much that unemployment would be eradicated.

The great sin of our times was too much government, too many regulations, too many laws, too many restrictions that hampered the free individual from reaching his true potential and stretching to his financial limit. "Deregulation" was the Reagan theory, the credo that would free the whole nation and benefit all from top to bottom of the tax scale. Even Ottawa, in its own diluted version, tentatively grasped the theorem.

The United States and its brightest citizens took Reagan seriously. Unfettered by backroom government watchdogs and supervisors, they would remake a society in its finest form, the ideal of laissez-faire set there as the Holy Grail.

We have seen the result. Some of Reagan's own disciples, frustrated by the mere restrictions placed by Congress on monetary and military aid to certain foreign revolutionaries, decided to do their own deregulation. Col. Oliver North and his emissaries in the White House began to let it open themselves to private American foreign policy. It was in the frontier tradition Reagan himself knew so well from his Hollywood days. John Wayne and Charlton Heston were the heroes of the frontier. Allan Fotheringham is a columnist for Southern News.

Heston and Reagan out there fishing out justice in a manner only they could decide.

The Reaganists didn't like the strictures of Congress (addressed known as laws) forbidding money going to rebels in Nicaragua. So they would "deregulate" that, find their own way around the law. Just as the Nixonists did, with a similar contempt for the duly elected people who sit in the House of Representatives and the Senate.

Wall Street took its signal from the same White House philosophy. What capitalism needed was less bothersome

Rust Rides, a Connecticut home on the beach with tennis court and gym, tennis, and a helicopter to get him to work. When caught trading insider information, he agreed to pay \$9 million restitution to the U.S. government—yet made only \$700,000 in all for the flip he had in the No. 1 Wall Street share, Rust Rides.

Ronney, who made \$26 million alone in one deal thanks to a Shell tip, was able to pay \$300 million in penalties to the government and it still net sales groceries. Kinder, Peabody was one of the first firms to institute comprehensive drug testing for employees. Unfortunately, they forgot about morality testing.

The pervasive morality is the trickle-down theory. Martin Marietta Corp., a Maryland-based aerospace giant that in 1986 reported \$2.7 billion in defence-contract business, has just pleaded guilty to cheating the government of \$1 million through a fraudulent scheme of travel-agency rebates. Why does a \$2.7-billion outfit cheat over \$1 million?

Why does a Shell who can feed \$9 million in cash backer about a monthly \$700,000? Why does a billionaire Ronney want to cheat for a few million more? Why, at New York's prestigious Columbia University, did the number of mass killed by brokers and investment firms last year represent 31 per cent of the grad class? And why did they start at an average salary of \$48,000?

The institutionalization of greed starts at the top and has been recognized at the top. The spreading scandal in the White House now involves the men at the very top up to and including the Chief of Staff Don Regan, the effluence who made his fortune—and landed his losses—on Wall Street as boss of Merrill Lynch. The guys they're just nibbled in Manhattan are not just the yuppie streamers like Shell but now senior executives at such prestige firms as Goldman, Sachs and Kinder, Peabody.

When the net sets in, it goes all through the tree, from bottom to top. In our current case, the rot—the belief that everyone was on their own—started at the White House in 1980



triflings from federal oversight. What was needed was more business-free enterprise, as Washington cut down not only on the number of anti-trust restrictions but on market checks.

The result? An audit by the federal budget that greed is good for you. In 1980, the poor Reagan came to power, the year to merge some 1,800 companies acquired at a cost of \$44 billion. By last year the takeover and merger mania had risen to 2,356 mergers, at a total value of \$171 billion. As a result of the greed, 31 of the best and brightest of Wall Street investment bankers and lawyers are now headed for jail. "It was like free sex," says one banker. "No one was getting caught," so the atmosphere grew relaxed.

Take Martin A. Shell, glassy boy of Wall Street, 35, a legend after negotiating more than 500 mergers. The Harvard School of Business Administration grad passed over 33 Wall Street offers before joining Kinder, Peabody. An Alfa Romeo, an apartment on the Upper

East Side, a Connecticut home on the beach with tennis court and gym, tennis, and a helicopter to get him to work. When caught trading insider information, he agreed to pay \$9 million restitution to the U.S. government—yet made only \$700,000 in all for the flip he had in the No. 1 Wall Street share, Rust Rides.

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